

Public Accounts 2007-08

Volume 1

Main Financial Statements



Saskatchewan

2007-08 Public Accounts

Volume 1 - Main Financial Statements

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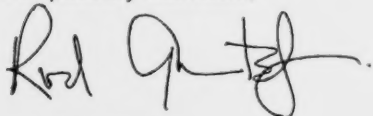
Regina, Saskatchewan
June 2008

*To His Honour
The Honourable Gordon Barnhart
Lieutenant Governor of the Province of Saskatchewan*

Your Honour:

I have the honour to submit the main financial statements of the Government of the Province of Saskatchewan for the fiscal year ended March 31, 2008.

Respectfully submitted,



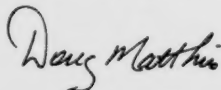
ROD GANTEFOER
Minister of Finance

Regina, Saskatchewan
June 2008

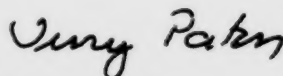
The Honourable Rod Gantefer
Minister of Finance

We have the honour of presenting the main financial statements of the Government of the Province of Saskatchewan for the fiscal year ended March 31, 2008.

Respectfully submitted,



DOUG MATTHIES
Deputy Minister of Finance



TERRY PATON
Provincial Comptroller

Public Accounts Content

The 2007-08 Public Accounts of the Government of Saskatchewan are prepared in accordance with the *Financial Administration Act, 1993* and consist of two volumes.

Volume 1 contains the General Revenue Fund Financial Statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan.

The General Revenue Fund (GRF) Financial Statements account for the financial transactions of the GRF and the Province of Saskatchewan Sinking Funds. The GRF is the level at which the annual provincial budget estimates are prepared. All public money is paid into the GRF except where the Legislative Assembly has directed otherwise. The GRF is available for appropriation for the public services of Saskatchewan.

The Summary Financial Statements consolidate the financial transactions of the GRF, Crown corporations, agencies, boards and commissions. These consolidated statements provide a full accounting of the financial affairs and resources of all entities controlled by the Government.

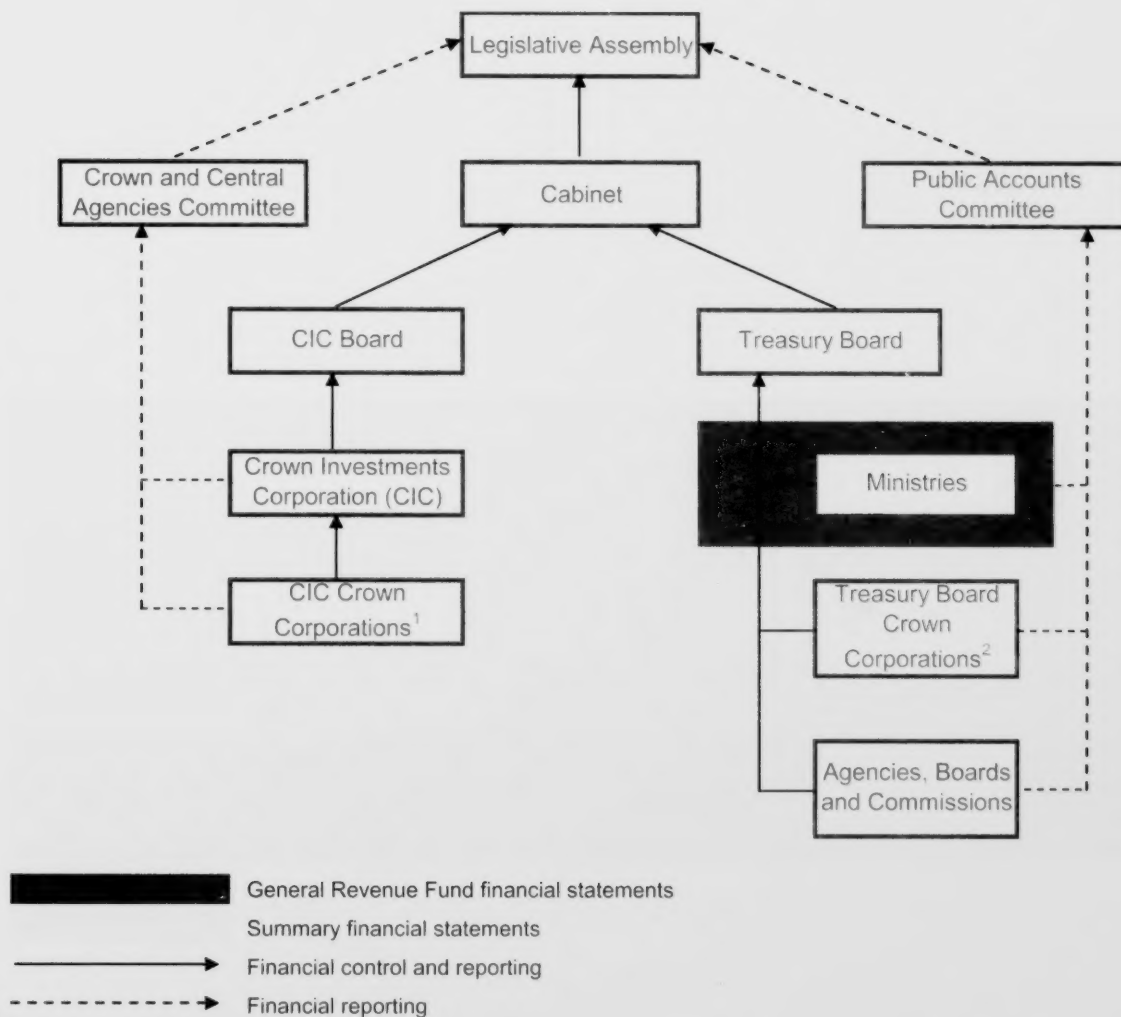
Volume 1 also contains unaudited supplementary information on the Fiscal Stabilization Fund and the Saskatchewan Infrastructure Fund. The Fiscal Stabilization Fund was established to stabilize the fiscal position of the Government from year to year and to facilitate the accomplishment of long-term objectives. The Saskatchewan Infrastructure Fund was established to provide moneys that may be used to support the provision and maintenance of infrastructure in Saskatchewan. This volume also includes an unaudited accountability report on road-use fuel tax, and unaudited information on GRF public issue debentures and GRF debentures issued to the Minister of Finance of Canada. In addition, this volume includes a glossary of terms used throughout.

Volume 2 contains details on the revenue and expense of the GRF. It also provides details on capital asset acquisitions of the GRF; a listing of suppliers who received \$50,000 or more for goods and services and capital assets supplied to the GRF and Revolving Funds during the fiscal year; financial information on the assets, liabilities and residual balances of pension plans and trust funds administered by the Government; and a listing of remissions of taxes and fees.

The Public Accounts are available on the Internet at: <http://www.gov.sk.ca/finance/paccts>

A Compendium is also available on the Internet at: <http://www.gov.sk.ca/finance/paccts> that contains the financial statements of various government agencies, boards, commissions, pension plans, special purpose funds and institutions, as well as Crown corporations which are accountable to Treasury Board.

Financial Reporting Structure



¹ Examples of CIC Crown corporations are: SaskEnergy Incorporated, Saskatchewan Power Corporation, Saskatchewan Telecommunications Holding Corporation, Saskatchewan Government Insurance and Saskatchewan Transportation Company.

² Examples of Treasury Board Crown corporations are: Agricultural Credit Corporation of Saskatchewan, Liquor and Gaming Authority, and Saskatchewan Crop Insurance Corporation.

Financial Statement Discussion and Analysis

Financial Statement Discussion and Analysis

The purpose of the following financial statement discussion and analysis is to provide users of the Government's financial statements with an overview of the Government's performance. This information should be read in conjunction with the audited financial statements.

Responsibility for the integrity and objectivity of this discussion and analysis rests with the Government.

The Government of Saskatchewan prepares two sets of financial statements, the General Revenue Fund and the Summary financial statements.

General Revenue Fund (GRF) Financial Statements

❖ *How has the Government performed as compared to the Budget Estimates?*

The GRF is the fund where all public monies are deposited to and disbursed from, as authorized by the Legislative Assembly. Exceptions to this principle must be authorized by law.

Each year, the Government presents a Budget for the GRF to the Legislative Assembly along with a detailed financial plan for the GRF called the Estimates. The GRF financial statements report on the performance of the Government against the Budget Estimates.

Summary Financial Statements (SFS)

❖ *What are the financial results for the Government as a whole?*

The Summary financial statements provide an accounting of the full nature and extent of the financial affairs and resources which the Government controls. The statements consolidate the financial transactions of the GRF, Crown corporations, agencies, boards and commissions.

General Revenue Fund Financial Statements

Financial Highlights

| (millions of dollars) | 2008 | | 2007 |
|---|---------------------|---------------------|---------------------|
| | Budget ¹ | Actual ² | Actual ² |
| Revenue | 7,869 | 9,847 | 8,643 |
| Operating expense | 7,790 | 8,036 | 7,707 |
| Operating surplus | 79 | 1,811 | 936 |
| Servicing government debt | (560) | (529) | (538) |
| Pre-transfer surplus (deficit) | (481) | 1,282 | 398 |
| Transfer (to) from the Fiscal Stabilization Fund | 510 | (641) | - |
| Transfer (to) from the Saskatchewan Infrastructure Fund | 46 | - | (105) |
| Surplus | 75 | 641 | 293 |
| Financial assets | | 6,381 | 6,108 |
| Less: Liabilities | | 12,331 | 12,554 |
| Net debt | | (5,950) | (6,446) |
| Plus: Non-financial assets | | 2,590 | 2,445 |
| Accumulated Deficit | | (3,360) | (4,001) |

¹ The Budget Estimates do not include a statement of financial position.

² The Provincial Auditor's report indicates that, in his opinion, there are certain adjustments required to the General Revenue Fund financial statements.

Comparison to Budget

The 2007-08 General Revenue Fund (GRF) financial statements report a surplus of \$641 million.

The \$1,282 million pre-transfer surplus was a \$1,763 million improvement over the budgeted pre-transfer deficit of \$481 million. This improvement was primarily attributable to higher than budgeted non-renewable resources revenue (\$810 million increase) and taxation revenue (\$629 million increase), partially offset by higher than budgeted operating expenses (\$246 million increase). After a \$641 million transfer to the Fiscal Stabilization Fund, the GRF surplus was \$641 million, significantly higher than the budgeted surplus of \$75 million.

Comparison to Previous Year

The surplus of \$641 million was \$348 million higher than the \$293 million surplus reported in 2006-07. The improvement was primarily caused by increases in non-renewable resources revenue (\$631 million), taxation revenue (\$249 million) and Equalization payments from the federal government (\$213 million), partially offset by increases in operating expenses (\$329 million) and transfers to the stabilization funds (\$536 million).

Net Debt

Net debt is the difference between the liabilities and financial assets reported on the GRF Statement of Financial Position. Net debt is an indicator of the amount of future revenues that will be required to pay for past transactions and events. In 2007-08, the GRF net debt declined by \$496 million to \$5.95 billion.

Accumulated Deficit

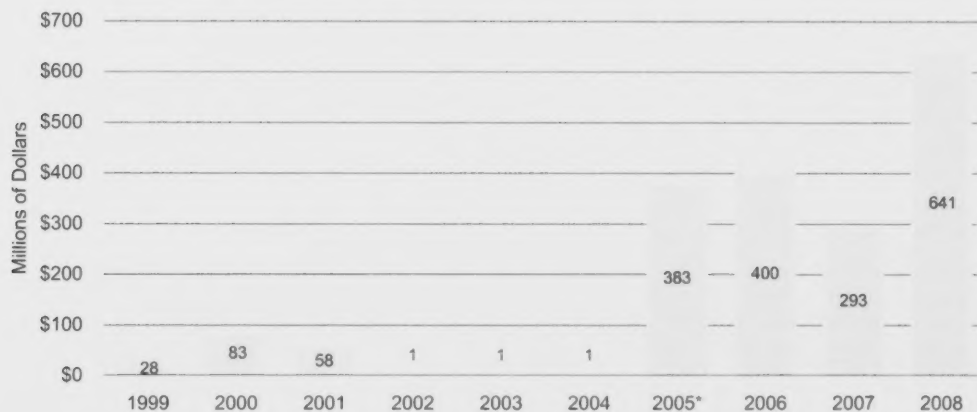
The accumulated deficit is the sum of all the annual results reported to date by the Government. An accumulated deficit indicates that a government has financed past annual operating deficits by borrowing. In 2007-08, the GRF accumulated deficit declined by \$641 million to \$3.36 billion.

General Revenue Fund Financial Statements

Surplus

The GRF's annual results for the past ten years were as follows:

Annual Surplus - 10 Year Comparison

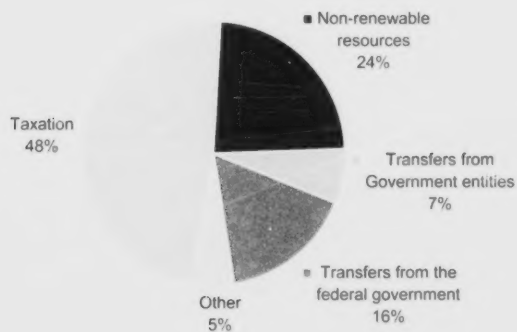


* Since 2004-05, tangible capital assets have been capitalized and expensed over their useful life rather than being fully expensed in their year of acquisition.

Revenue

The GRF's sources of revenue for 2007-08 were as follows:

2007-08 Revenue by Source (\$9.85 billion)



General Revenue Fund Financial Statements

Comparison to Budget

Revenue was \$2.0 billion higher than the budgeted amount. Key increases were due to:

- Non-renewable resource revenue – an \$810 million increase due to higher revenue from oil (\$770 million) and potash (\$108 million), offset by lower revenue from natural gas (\$56 million) and other non-renewable resources (\$12 million).

Oil – the increase was due to a significant increase in the average price received by Saskatchewan producers, from \$41.99 per barrel at Budget to an actual price of \$59.97 per barrel, and higher revenue from the sale of Crown petroleum and gas rights (Crown land sales) due to strong industry interest in existing and emerging oil prospects, from \$115 million to \$419 million.

Potash – the increase was primarily due to higher-than-budgeted prices and sales in 2007, as well as improved industry profit forecasts for 2008.

Natural gas – the decrease was due to lower prices, falling from \$6.20 per gigajoule at Budget to an actual price of \$6.08 per gigajoule, and lower production.

- Taxation revenue – a \$629 million increase primarily due to higher individual income tax (\$253 million), corporation income tax (\$214 million) and sales tax (\$121 million). All other tax bases were at or above budgeted amounts.

Income taxes – the increases were the result of larger reconciliation payments for the 2006 tax year due to stronger-than-anticipated assessments for both personal and corporate taxable income. The higher levels of taxable income in 2006, combined with increased estimates of growth for 2007 and 2008, also led to higher-than-budgeted payments from the federal government in 2007-08.

Sales tax – the increase was the result of continued strength in the Saskatchewan economy that resulted in a larger-than-forecast increase in the taxable consumption base.

- Transfers from the federal government – a \$324 million increase primarily due to an unbudgeted Equalization payment (\$226 million) and increased revenue from other federal transfers (\$132 million).

Equalization – as a result of changes to the program introduced by the federal government in 2007, Saskatchewan received an unbudgeted \$226 million payment.

Other federal transfers – the increase was largely due to the receipt of unbudgeted, one-time funding of \$104 million announced in the federal 2007-08 budget for targeted initiatives.

Comparison to Previous Year

Revenue in 2007-08 was \$1.2 billion higher than in 2006-07. Key increases were due to:

- Non-renewable resource revenue – a \$631 million increase due to higher revenue from oil (\$346 million), potash (\$271 million) and other non-renewable resources (\$45 million), partially offset by lower revenue from natural gas (\$31 million).

Oil – the increase was primarily due to a significant increase in revenue from Crown land sales, from \$169 million in 2006-07 to \$419 million in 2007-08, as well as higher royalty and production tax revenue, primarily as the result of higher prices.

Potash – the increase was primarily due to improved sales, increasing from 8.3 million tonnes in 2006 to 10.7 million tonnes in 2007. Higher average prices in 2007 and improved industry profit forecasts for 2008 also contributed to the increase.

Natural gas – the decrease was largely due to an estimated 10 per cent decline in production.

- Taxation revenue – a \$249 million increase primarily due to higher individual income tax (\$270 million) and corporation income tax (\$120 million), partially offset by lower sales tax (\$84 million) and corporation capital tax (\$83 million).

Income taxes – the increases were due to higher prior-year reconciliation payments in 2007-08, compared to similar adjustments in 2006-07, as well as higher estimates of Saskatchewan personal and corporate taxable income in 2007 and 2008.

Sales tax – the decrease was due to the full-year impact of the two percentage point Provincial Sales Tax rate reduction that occurred in October 2006, partially offset by higher economic activity in 2007 and 2008 and the resulting growth in the taxable consumption base.

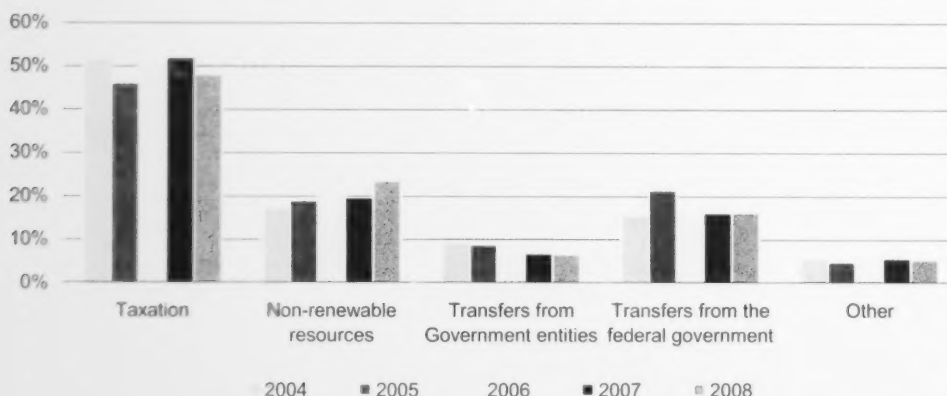
General Revenue Fund Financial Statements

Corporation capital tax – the decrease was primarily due to rate reductions that occurred on July 1, 2007 and significant prior-year reconciliation payments that were received from resource corporations in 2006-07.

- Transfers from the federal government – a \$214 million increase primarily due to a larger Equalization payment. As a result of changes to the Equalization program introduced in 2007, Saskatchewan received \$226 million in 2007-08, compared to \$13 million in 2006-07.

In the last five fiscal years, the GRF revenue was derived from the following sources:

Revenue by Source - 5 Year Comparison

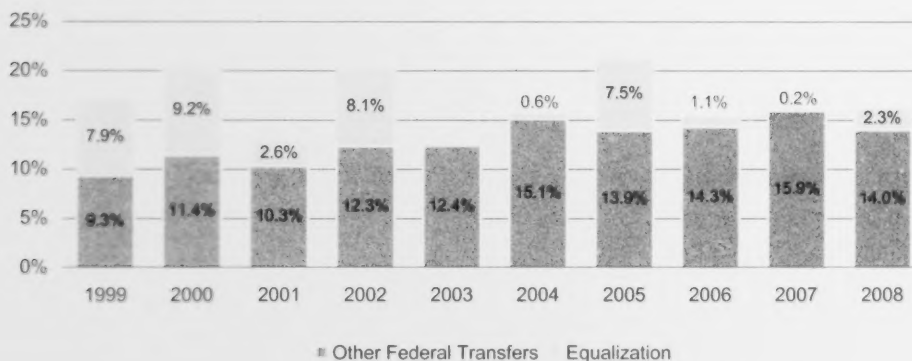


Transfers from the Federal Government

Transfers from the federal government as a percentage of total revenue is an indicator of the degree of vulnerability the Government has as a result of reliance on the federal government for revenues. In 2007-08, 16 per cent of the Government's revenue came from transfers from the federal government, with the remaining 84 per cent coming from Saskatchewan sources.

For the past ten years, the percentage of total GRF revenue attributable to transfers from the federal government was as follows:

Transfers from the Federal Government as a Percentage of Revenue - 10 Year Comparison



General Revenue Fund Financial Statements

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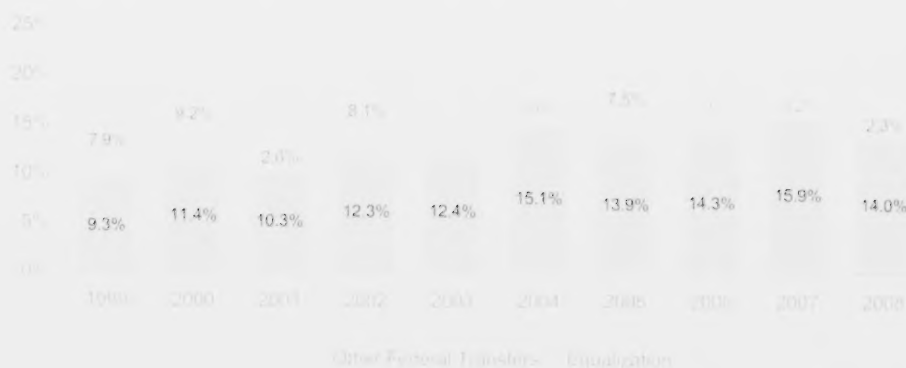


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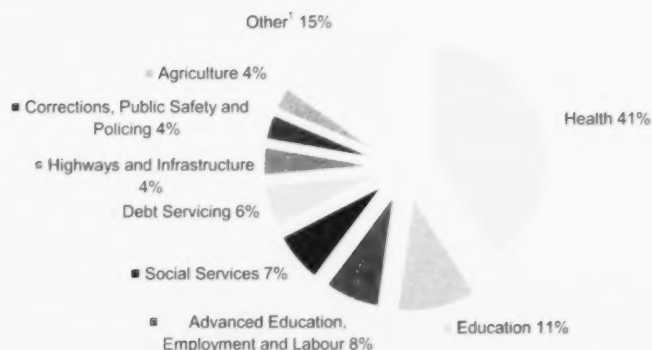


General Revenue Fund Financial Statements

Expense

The GRF's expense by ministry for 2007-08 was as follows:

2007-08 Expense by Ministry (\$8.56 billion)



¹ Key components of "other" include Finance (3%), Municipal Affairs (3%) and Environment (2%).

Comparison to Budget by Ministry

Total expense was \$215 million higher than budget. Total operating expense exceeded the budget by \$246 million, however this was partially offset by a \$32 million saving in debt servicing costs. Key increases in operating expense occurred in the following Ministries:

- Health – a \$58 million increase, primarily due to establishing a nursing recruitment fund; and
- Corrections, Public Safety and Policing – a \$44 million increase, primarily due to eligible claims under the Provincial Disaster Assistance Program and an increase in inmate bed space capacity.

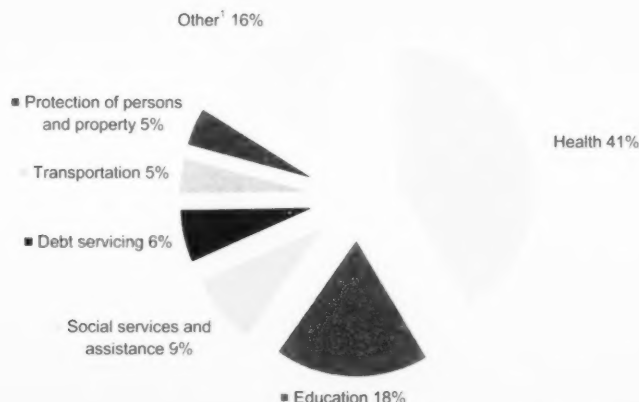
Commercial Operations accounted for \$77 million of the total expense increase over budget. Ministries with commercial operations are allowed to re-spend the revenues earned through these operations. Accordingly, the budget expense is shown net of revenues in the Estimates. In the Public Accounts, revenues and expenses are reported on a gross basis to provide accountability for these operations. This results in variances between the budget and actual expense being shown in the Public Accounts.

Debt servicing costs were \$32 million lower than budget, reflecting rate savings and lower overall borrowing requirements.

General Revenue Fund Financial Statements

In addition to reporting expense by ministry, the GRF statements also present expense by major theme. This allows for comparison from year to year as programs maintain the same theme even when the Government undergoes reorganization. The GRF expense allocation by theme for 2007-08 was as follows:

2007-08 Expense Allocation by Theme (\$8.56 billion)



¹ Key components of "other" include community development (4%), agriculture (4%), environment and natural resources (2%) and economic development (2%).

Comparison to Previous Year by Theme

Total expense was \$319 million higher than in 2006-07. Total operating expense exceeded last year's amount by \$329 million, however this was partially offset by a \$10 million reduction in debt servicing costs. Key increases in operating expense pertained to the following themes:

- Health – a \$301 million increase primarily due to an increase in funding to the Regional Health Authorities and the Saskatchewan Cancer Agency, nursing and other health care worker retention and recruitment initiatives and improvement in patient wait times;
- Community development – a \$53 million increase primarily due to an increase in municipal revenue sharing, the Building Communities program and federal flow through funding provided by the Gas Tax program; and
- Economic development – a \$52 million increase primarily for ethanol fuel tax rebates and for the remediation of mine sites.

These increases were partially offset by a reduction of expense in the following themes:

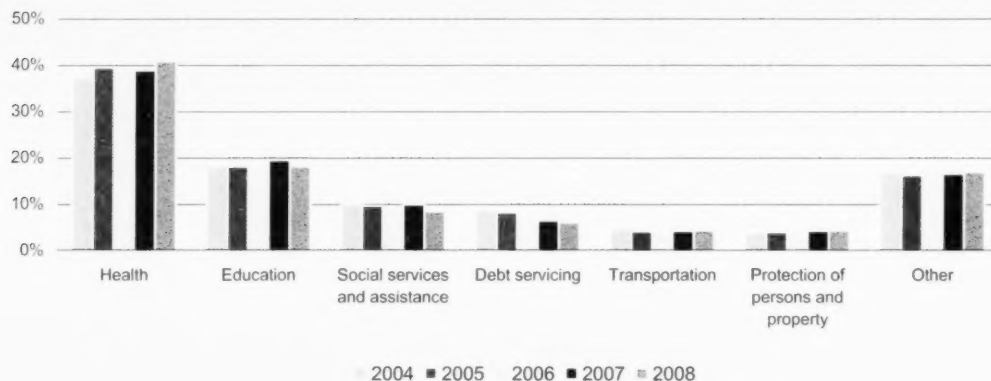
- Social services and assistance – a \$89 million decrease primarily due to one-time capital funding provided in 2006-07 for the Federal Housing Trusts and Provincial Housing Strategy; and
- Agriculture – a \$69 million decrease primarily due to lower safety net spending and completion of one-time federal "wedge" funding for agricultural research in 2006-07.

Debt servicing costs were \$10 million lower than in 2006-07 primarily due to lower debt levels and lower long-term borrowing costs.

General Revenue Fund Financial Statements

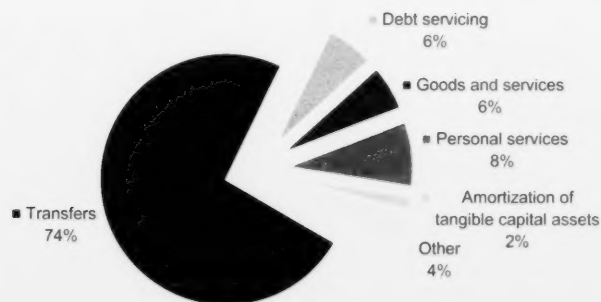
In the last five fiscal years, the GRF expense by theme was as follows:

Expense Allocation by Theme - 5 Year Comparison



In addition to reporting expense by ministry and theme, the GRF financial statements also present expense by object, or category of expense. The GRF expense by object allocation for 2007-08 was as follows:

2007-08 Expense Allocation by Object (\$8.56 billion)



General Revenue Fund Financial Statements

Debt Servicing

The GRF incurs interest and other costs to service government debt. The amount of these costs is determined by the amount of government debt and the interest rate attached to that debt. The average effective interest rate on gross government debt during 2007-08 was 6.7 per cent. Since 1998-99, both the amount of government debt and the general level of interest rates have declined. As a result, the debt servicing costs reported by the GRF have decreased from \$745 million in 1998-99 to \$529 million in 2007-08.

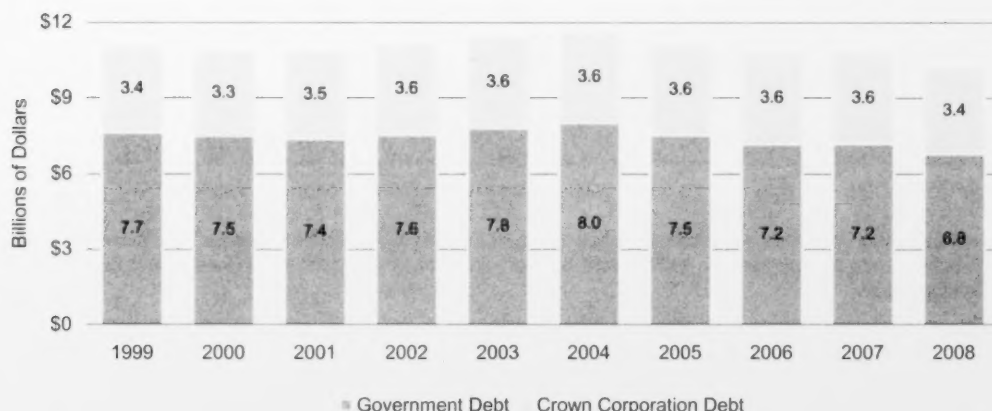
Public Debt

Public debt consists of:

- Gross debt, which is borrowings through the issuance of debt instruments such as promissory notes and debentures; less
- Sinking funds, which are funds set aside for the repayment of debt.

The GRF has reported the following amounts of public debt over the past ten years:

Public Debt - 10 Year Comparison



Since 1998-99, public debt has declined by \$.9 billion from \$11.1 billion to \$10.2 billion. Of the \$10.2 billion in public debt at March 31, 2008, \$3.4 billion was attributable to Crown corporations. More than 94 per cent of this amount consisted of debt of self-sufficient Crown corporations like Saskatchewan Power Corporation, SaskEnergy Incorporated and Saskatchewan Telecommunications Holding Corporation.

General Revenue Fund Financial Statements

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Public Debt - 10 Year Comparison



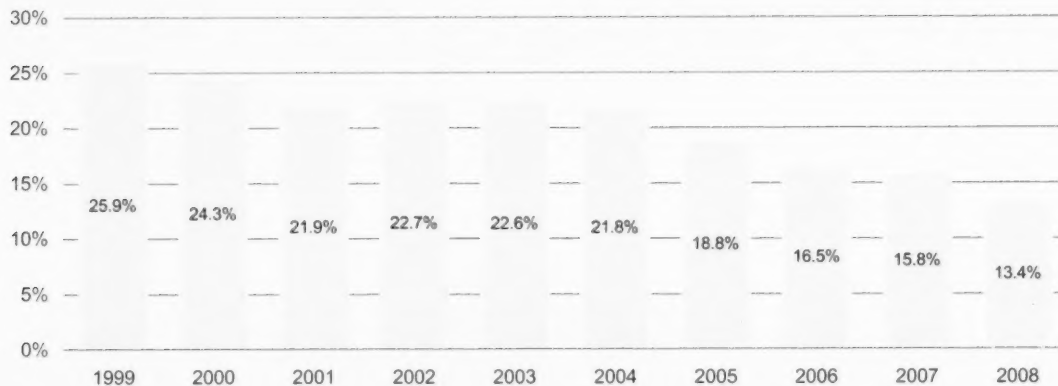
Since 1998-99, public debt has declined by \$0.9 billion from \$11.1 billion to \$10.2 billion. Of the \$10.2 billion in public debt at March 31, 2008, \$3.4 billion was attributable to Crown corporations. More than 94 per cent of this amount consisted of debt of self-sufficient Crown corporations like Saskatchewan Power Corporation, SaskEnergy Incorporated and Saskatchewan Telecommunications Holding Corporation.

General Revenue Fund Financial Statements

In addition to looking at the absolute level of debt, credit rating agencies often look at government public debt in comparison to the Province's gross domestic product (GDP). GDP is a measure of the size of the Province's economy, so it provides a measure of how much debt the Government can afford to carry.

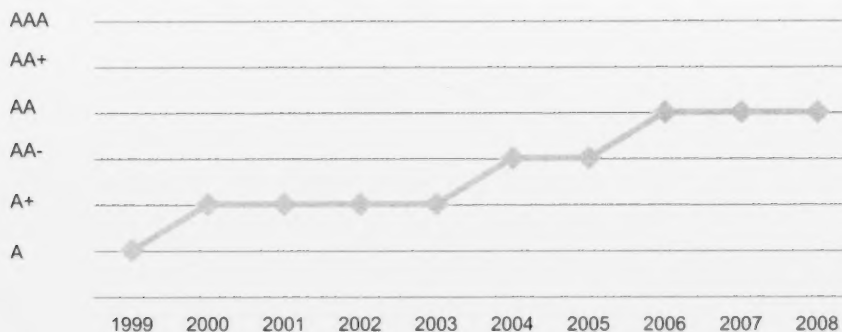
When expressed as a percentage of the Province's GDP, the Government's public debt reported by the GRF has declined from 25.9 per cent of GDP to just 13.4 per cent of GDP since 1998-99, as shown below:

Government Public Debt as a Percentage of the Province's Gross Domestic Product - 10 Year Comparison



The improvement in the Government's finances since 1998-99 has led to a series of upgrades in its credit rating. One of the world's leading credit rating agencies is Standard & Poor's. Its credit rating for the Province of Saskatchewan since 1998-99 is shown below:

Standard & Poor's Credit Rating from 1998-99 to 2007-08



General Revenue Fund Financial Statements

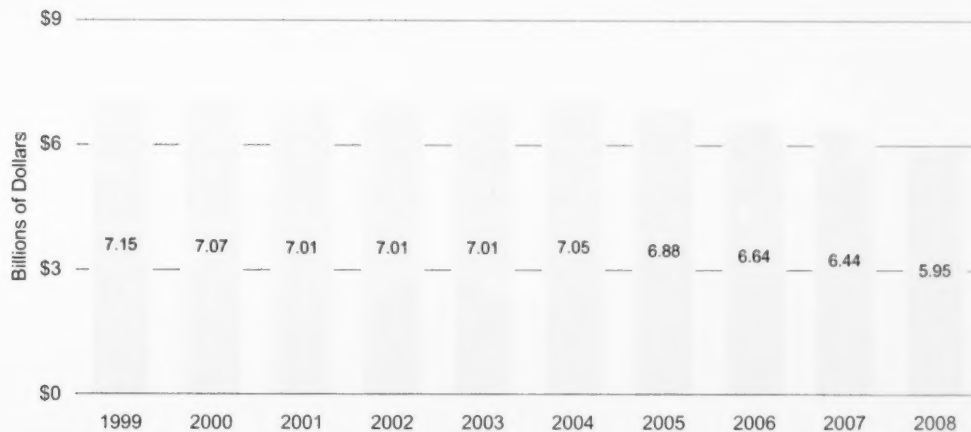
Net Debt

Net debt is one measure of the amount of debt that has been left to future generations. It is the difference between the GRF's liabilities and its financial assets.

During 2007-08, net debt decreased by \$496 million. This decrease can be attributed to the GRF's surplus of \$641 million, partially offset by amounts invested in tangible capital assets and other non-financial assets.

Since 1998-99, the net debt of the GRF has declined from \$7.15 billion to \$5.95 billion, as follows: *

Net Debt - 10 Year Comparison



Stabilization Funds

The Fiscal Stabilization Fund (FSF) was established in 2000-01 to stabilize the financial position of the GRF from year to year and to facilitate long-term financial planning by the Government. Transfers to/from the FSF are recorded as expenses/revenues of the GRF.

In 2007-08, the net transfer of \$641 from the GRF to the FSF resulted in a balance of \$1,528.9 million in the FSF at March 31, 2008.

The Saskatchewan Infrastructure Fund (SIF) was established in 2006-07 to provide moneys that may be used to support the provision and maintenance of infrastructure in Saskatchewan. Transfers to/from the SIF are recorded as expenses/revenues of the GRF.

In 2007-08, there were no transfers between the GRF and the SIF, leaving a balance of \$105.1 million in the SIF at March 31, 2008.

The annual balance in the stabilization funds for the past three years was as follows:

Balances in the Stabilization Funds



The Growth and Financial Security Act received royal assent on May 14, 2008. The balance in the FSF (\$1,528.9 million) and the balance in the SIF (\$105.1 million) were transferred to the Growth and Financial Security Fund at this time.

Summary Financial Statements

Financial Highlights

| <i>(millions of dollars)</i> | 2008 | 2007 |
|---|----------------|----------------|
| Revenue | 10,788 | 9,163 |
| Expense | 9,858 | 9,290 |
| Surplus (deficit) from government service organizations | 930 | (127) |
| Income from government business enterprises | 943 | 701 |
| Surplus (Deficit) | 1,873 | 574 |
| Financial assets | 8,817 | 7,147 |
| Less: Liabilities | 14,581 | 14,465 |
| Net debt | (5,764) | (7,318) |
| Plus: Non-financial assets | 4,546 | 4,235 |
| Accumulated Deficit | (1,218) | (3,083) |

Reporting Entity

The Summary Financial Statements (SFS) include the financial activities of organizations controlled by the Government. These organizations are segregated into two classifications, government service organizations (GSOs) and government business enterprises (GBEs). GBEs are self-sufficient government organizations that have the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as their principal activity. All other organizations are GSOs.

A complete listing of the organizations included in the government reporting entity is provided in schedule 22 of the SFS.

Comparison to Previous Year

The surplus of \$1,873 million was \$1,299 million higher than the \$574 million surplus reported in 2006-07.

This increase was primarily due to a \$1,057 million improvement in the net operating results of GSOs. Revenues from GSOs increased in 2007-08 by \$1,625 million primarily due to increases in non-renewable resources (\$631 million), taxation (\$249 million) and equalization revenue (\$213 million), as well as a gain on the sale of NewGrade Energy Inc. (\$250 million). This increase in revenue was partially offset by a \$568 million increase in GSO expenses primarily in health (\$306 million). There were also significant increases in education (\$95 million) and social services and assistance expenses (\$57 million).

There was also a \$242 million increase in income from GBEs. This was a result of improved results for most GBEs, with the largest increase being reported by the Workers' Compensation Board (Saskatchewan) as a result of the buoyant investment market and lower claim costs.

Summary Financial Statements

Comparison to Budget

The Government prepares a Summary Financial Budget (SFB) which is based on the entities that are included in the SFS. In the SFB, the categorization of organizations is aligned with the Cabinet Committee (CIC Board or Treasury Board) that examines an organization's budget. There is also a category for Not-for-Profit Insurance organizations which are intended to be actuarially sound over the long-term. As the categorization is different than that used for reporting purposes in the SFS, actual results are most easily compared to budget based on the annual surplus/deficit.

2007-08 Surplus Comparison to Budget

(millions of dollars)

| | 2008 | |
|---|------------------------|---------------------|
| | Estimated ¹ | Actual ¹ |
| Treasury Board Organizations | | |
| General Revenue Fund | 75 | 641 |
| Fiscal Stabilization Fund | (510) | 641 |
| Saskatchewan Infrastructure Fund | (45) | - |
| Other Treasury Board Organizations ² | (287) | (173) |
| | (767) | 1,109 |
| CIC Board Organizations ² | 102 | 518 |
| | (665) | 1,627 |
| Not-for-Profit Insurance Organizations | (36) | 246 |
| Surplus (Deficit) | (701) | 1,873 |

¹ Presented on the basis of the Summary Financial Budget, which is included in the Provincial Budget.

² Net of dividends paid to other government organizations.

The 2007-08 SFS report a surplus of \$1,873 million. This was a \$2,574 million improvement from the budget deficit of \$701 million.

This improvement was largely due to improved General Revenue Fund (GRF) results, with the GRF, the Fiscal Stabilization Fund (FSF) and the Saskatchewan Infrastructure Fund (SIF) representing \$1,762 million of the increase. The reasons for this improvement are explained in the GRF financial statements discussion and analysis.

There was also a \$416 million improvement in the surplus of CIC Board organizations primarily due to a gain on the sale of NewGrade Energy Inc., and a \$282 million improvement in the surplus of Not-for-Profit Insurance organizations, with the largest improvement reported by the Workers' Compensation Board (Saskatchewan) as a result of the buoyant investment market and lower than expected claim costs. Additionally, there was a \$114 million improvement in the surplus of other Treasury Board organizations.

Net Debt

Net debt is the difference between the liabilities and financial assets reported on the Summary Statement of Financial Position. Net debt is an indicator of the amount of future revenues that will be required to pay for past transactions and events. In 2007-08, the SFS net debt declined by \$1,554 million to \$5.76 billion.

Accumulated Deficit

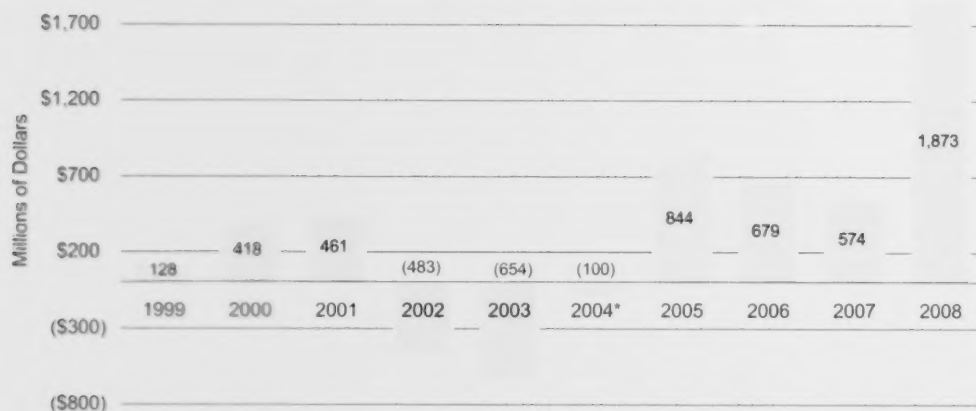
The accumulated deficit is the sum of all the annual results reported to date by the Government. An accumulated deficit indicates that a government has financed past annual operating deficits by borrowing. In 2007-08, the SFS accumulated deficit declined by \$1,865 million to \$1.22 billion.

Summary Financial Statements

Surplus/Deficit

The SFS have reported the following results over the past ten years:

Annual Surplus/(Deficit) - 10 Year Comparison

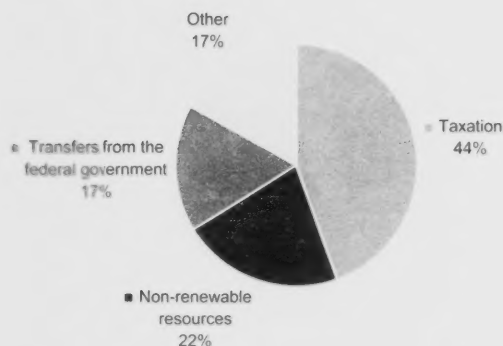


* Since 2003-04, tangible capital assets have been capitalized and expensed over their useful life rather than being fully expensed in their year of acquisition.

Revenue

The SFS's sources of revenue for 2007-08 were as follows:

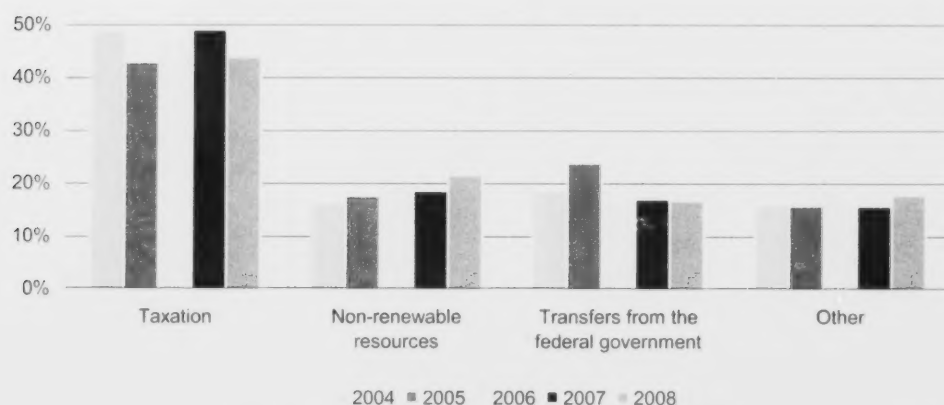
2007-08 Revenue by Source (\$10.79 billion)



Summary Financial Statements

In the last five fiscal years, the SFS revenue was derived from the following sources:

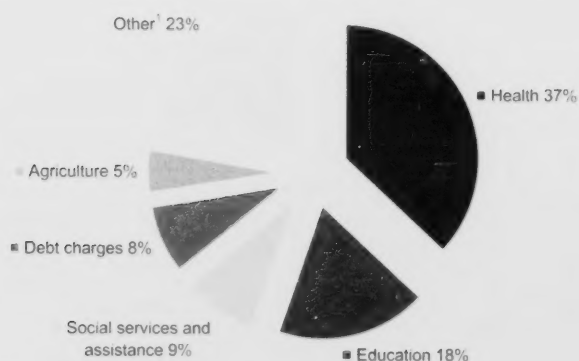
Revenue by Source - 5 Year Comparison



Expense

The SFS expense allocation by theme for 2007-08 was as follows:

2007-08 Expense Allocation by Theme (\$9.86 billion)

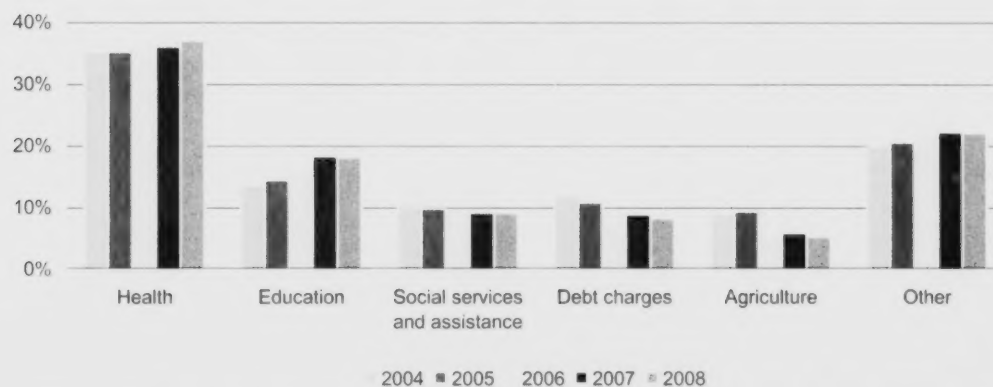


¹ Key components of "other" include protection of persons and property (4%), transportation (4%), community development (4%), economic development (3%) and environment and natural resources (2%).

Summary Financial Statements

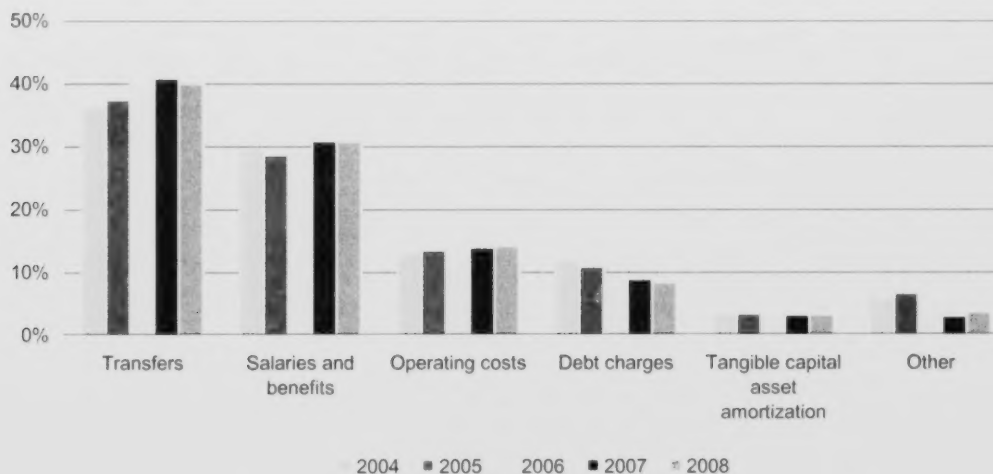
In the last five fiscal years, the SFS expense by theme was as follows:

Expense Allocation by Theme - 5 Year Comparison



In addition to reporting expense by theme, the SFS also present expense by object, or category of expense. In the last five fiscal years, the SFS expense by object was as follows:

Expense Allocation by Object - 5 Year Comparison

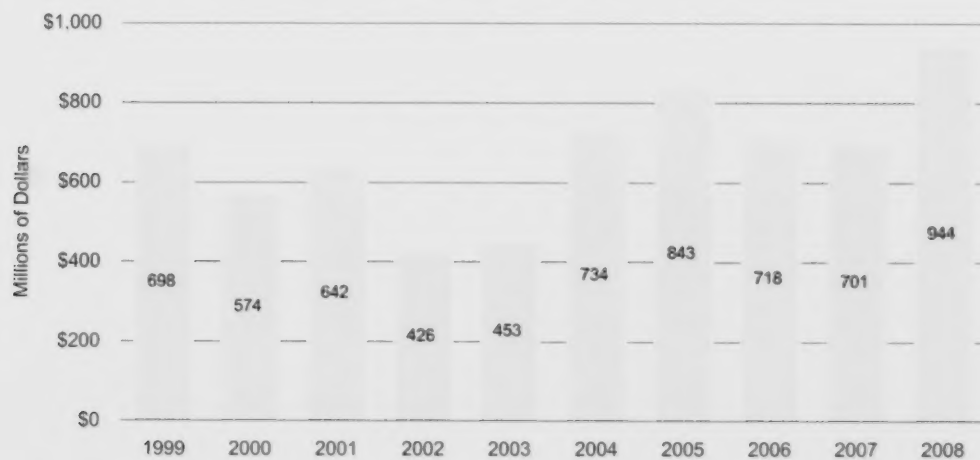


Summary Financial Statements

Income from Government Business Enterprises

The SFS have reported the following income from government business enterprises over the past ten years:

Income from Government Business Enterprises - 10 Year Comparison



Summary Financial Statements

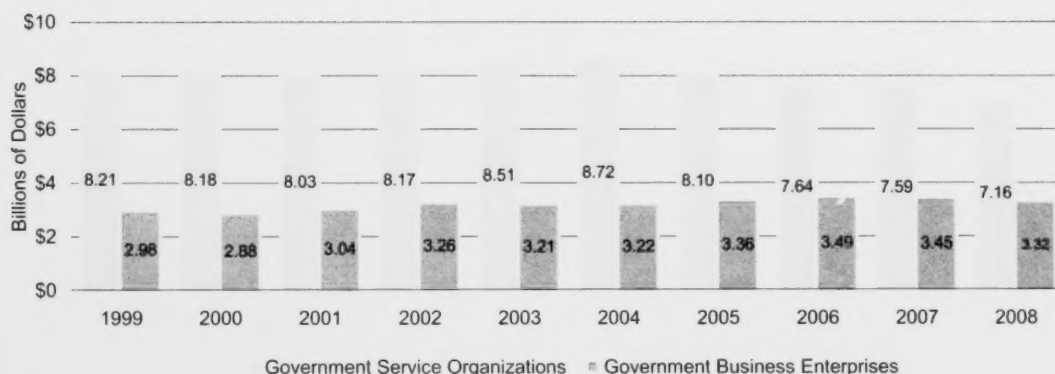
Public Debt

The amount of public debt reported on the Summary Statement of Financial Position is the public debt of government service organizations. This amount consists of:

- Gross debt, which is borrowings through the issuance of debt instruments such as promissory notes and debentures; less
- Sinking funds, which are funds set aside for the repayment of debt.

The SFS have reported the following amounts of public debt over the past ten years:

Public Debt - 10 Year Comparison



At March 31, 2008, the Summary Statement of Financial Position reported public debt of \$7.16 billion representing debt incurred by the GRF as well as other government service organizations such as Regional Health Authorities. Since 1998-99, public debt of government service organizations has declined from \$8.21 billion to \$7.16 billion.

At March 31, 2008, the public debt of government business enterprises was \$3.32 billion. This amount consists primarily of the debt of Saskatchewan Power Corporation, SaskEnergy Incorporated and Saskatchewan Telecommunications Holding Corporation. Public debt of government business enterprises is reported as a reduction in the Government's *Investment in Government Business Enterprises* reported on the Summary Statement of Financial Position and disclosed in Schedule 4 of the SFS. Since 1998-99, government business enterprise public debt has increased from \$2.98 billion to \$3.32 billion.

Summary Financial Statements

Public Debt

The amount of public debt reported on the Summary Statement of Financial Position is the public debt of government service organizations. This amount consists of:

- Gross debt, which is borrowings through the issuance of debt instruments such as promissory notes and debentures; less
- Sinking funds, which are funds set aside for the repayment of debt.

The SFS have reported the following amounts of public debt over the past ten years:

Public Debt - 10 Year Comparison



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Summary Financial Statements

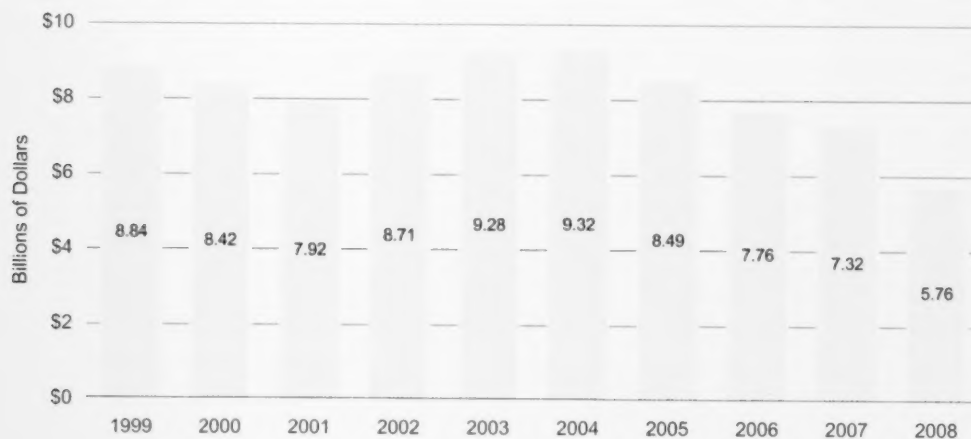
Net Debt

Net debt is one measure of the amount of debt that has been left to future generations. It is the difference between the SFS liabilities and its financial assets.

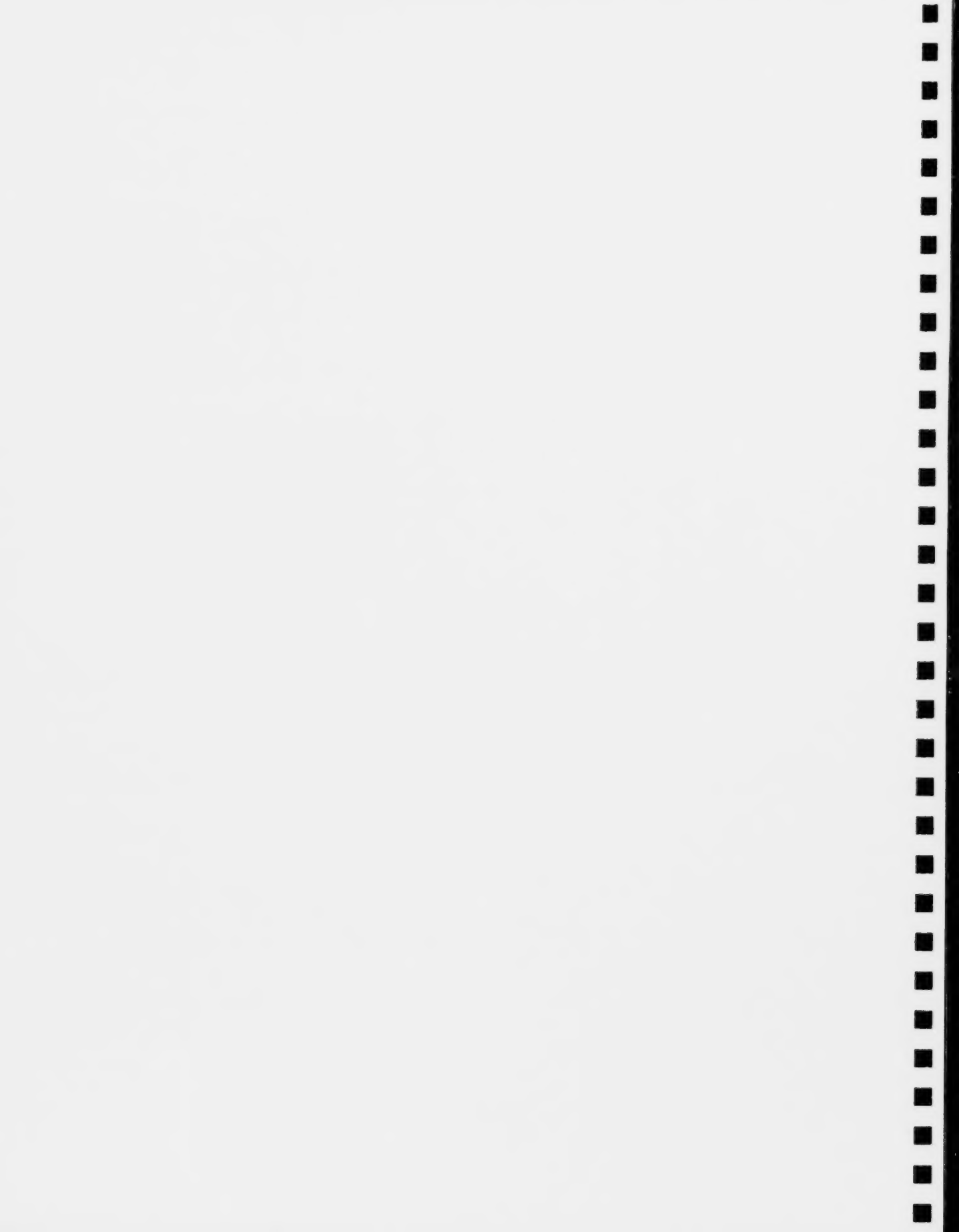
During 2007-08, net debt decreased by \$1,554 million. This decrease can be attributed to the SFS's surplus of \$1,873 million, partially offset by amounts invested in tangible capital assets and other non-financial assets.

Since 1998-99, the net debt of the SFS has declined from \$8.84 billion to \$5.76 billion, as follows:

Net Debt - 10 Year Comparison



General Revenue Fund Financial Statements



Responsibility for the General Revenue Fund Financial Statements

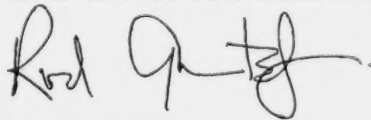
The Government is responsible for the General Revenue Fund Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements in accordance with the Government's stated accounting policies and using the Government's best estimates and judgement when appropriate.

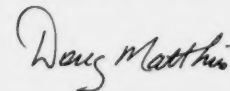
The Provincial Auditor expresses an independent opinion on these statements. His report, which appears on the following page, provides the scope of his audit and states his opinion.

Treasury Board approves the General Revenue Fund Financial Statements. The statements are tabled in the Legislative Assembly as part of the Public Accounts and referred to the Standing Committee on Public Accounts for review.

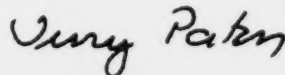
On behalf of the Government of the Province of Saskatchewan.



ROD GANTEFOER
Minister of Finance



DOUG MATTHIES
Deputy Minister of Finance



TERRY PATON
Provincial Comptroller

Regina, Saskatchewan
June 2008

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

These financial statements report transactions and events of the General Revenue Fund only. Significant financial activities of the Government occur outside this Fund. Readers should not use the General Revenue Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole; rather they should use the *Summary Financial Statements* of the Government of Saskatchewan (*Summary Financial Statements*).

Volume 1 of the Public Accounts includes the *Summary Financial Statements*. These statements report the full nature and extent of the financial affairs and resources for which the Government is responsible.

I have audited the statement of financial position of the General Revenue Fund as at March 31, 2008 and the statements of operations, accumulated deficit, change in net debt, and cash flow for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

1. The Government through the General Revenue Fund is responsible for the liabilities of several pension plans. Notes 1 and 5 state that the pension liabilities are not recorded in these financial statements. Canadian generally accepted accounting principles for the public sector require that the pension liabilities be recorded in the financial statements. Had pension liabilities been recorded, liabilities and accumulated deficit would increase by \$5,088 million (2007 - \$4,659 million) as at March 31, 2008 and, for the year, expenses would increase by \$429 million (2007 - \$413 million), and surplus would decrease by the same amounts.
2. The Government records transactions between the General Revenue Fund and the Fiscal Stabilization Fund and Saskatchewan Infrastructure Fund as revenue or expense of the General Revenue Fund. The substance of the transactions between the General Revenue Fund and these Funds is that the amounts that the General Revenue Fund owes to or has paid to these Funds must be repaid by these Funds to the General Revenue Fund. Canadian generally accepted accounting principles for the public sector do not allow the General Revenue Fund to record changes in the amounts due or paid to these Funds as revenue or expense of the General Revenue Fund.

The financial statements show an expense (as transfer to Fiscal Stabilization Fund) of \$641 million (2007 - \$105 million as transfer to Saskatchewan Infrastructure Fund) for the year. It is not appropriate to record an expense because these Funds must return all amounts to the General Revenue Fund. Instead of recording an expense, the financial statements should record an asset equal to the amount it owed or paid to these Funds. Had the Government properly recorded these transactions, financial assets would increase by \$1,634 million (2007 - \$993 million) and accumulated deficit would decrease by the same amount as at March 31, 2008 and, for the year, the transfer to the Fiscal Stabilization Fund would decrease by \$641 million (2007 - \$0), the transfer to the Saskatchewan Infrastructure Fund would decrease by \$0 (2007 - \$105 million), and the surplus would increase by \$641 million.

In my opinion, except for the effects of not recording pension liabilities and recording the amounts that the General Revenue Fund has paid to the Fiscal Stabilization Fund as expense of the General Revenue Fund as

described in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the General Revenue Fund as at March 31, 2008 and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



FRED WENDEL, CMA, CA
Provincial Auditor

Regina, Saskatchewan
June 6, 2008

Statement of Financial Position

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|--------------------|--------------------|
| Financial Assets | | |
| Cash and temporary investments (note 2) | 821,475 | 414,469 |
| Accounts receivable (schedule 1) | 736,377 | 700,198 |
| Agricultural land held for resale (note 3) | 98,998 | 103,447 |
| Deferred charges | 19,236 | 22,335 |
| Loans to Crown corporations (schedule 2) | 3,394,328 | 3,557,068 |
| Other loans (schedule 3) | 129,635 | 129,767 |
| Equity investment in Crown Investments Corporation of Saskatchewan | 1,181,152 | 1,181,152 |
| Total Financial Assets | 6,381,201 | 6,108,436 |
| Liabilities | | |
| Accounts payable and accrued liabilities (schedule 4) | 1,653,449 | 1,384,259 |
| Deposits held (schedule 5) | 385,388 | 310,893 |
| Unearned revenue | 72,823 | 69,520 |
| Public debt (note 4)(schedule 6) | 10,218,651 | 10,802,006 |
| Unamortized foreign exchange gain (loss) | 606 | (12,573) |
| Total Liabilities | 12,330,917 | 12,554,105 |
| Net Debt | (5,949,716) | (6,445,669) |
| Non-financial Assets | | |
| Prepaid expenses | 6,685 | 6,299 |
| Inventories held for consumption | 85,269 | 74,626 |
| Tangible capital assets (schedule 9) | 2,497,971 | 2,363,518 |
| Total Non-financial Assets | 2,589,925 | 2,444,443 |
| Accumulated Deficit | (3,359,791) | (4,001,226) |

Retirement benefits (note 5)

Contingencies (note 6)

Contractual obligations (note 7)

Guaranteed debt (note 6)(schedule 8)

The accompanying notes and schedules are an integral part of these financial statements.

Statement of Operations

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | | 2007 |
|---|------------------|------------------|------------------|
| | Budget | Actual | Actual |
| Revenue | | | |
| Taxation | 4,104,900 | 4,733,473 | 4,484,545 |
| Non-renewable resources | 1,515,400 | 2,325,116 | 1,694,252 |
| Transfers from Government entities | 596,800 | 653,154 | 587,096 |
| Other own-source revenue | 373,700 | 532,841 | 488,324 |
| Transfers from the federal government | 1,278,500 | 1,602,561 | 1,388,829 |
| Total Revenue (schedule 10) | 7,869,300 | 9,847,145 | 8,643,046 |
| Operating Expense (note 12) | | | |
| Executive Branch of Government | | | |
| Advanced Education, Employment and Labour | 686,181 | 685,163 | 689,414 |
| Agriculture | 301,958 | 302,197 | 369,995 |
| Corrections, Public Safety and Policing | 261,068 | 305,417 | 163,078 |
| Education | 944,987 | 959,951 | 978,090 |
| Energy and Resources | 35,322 | 56,268 | 67,862 |
| Enterprise and Innovation | 52,710 | 54,040 | 11,361 |
| Environment | 178,875 | 174,921 | 194,151 |
| Executive Council | 9,302 | 12,562 | 9,311 |
| Finance | 287,348 | 284,463 | 258,964 |
| First Nations and Metis Relations | 57,732 | 70,958 | 59,842 |
| Government Services | 11,848 | 8,654 | 13,993 |
| Government Services - commercial operations (schedule 11) | - | 70,312 | 63,248 |
| Health | 3,446,123 | 3,504,333 | 3,202,965 |
| Highways and Infrastructure | 348,664 | 353,684 | 307,310 |
| Highways and Infrastructure - commercial operations (schedule 11) | - | 6,542 | 4,198 |
| Information Technology Office | 5,136 | 5,362 | 6,812 |
| Information Technology Office - commercial operations (schedule 11) | - | 27 | 89 |
| Intergovernmental Affairs | 2,453 | 2,757 | - |
| Justice and Attorney General | 126,745 | 129,189 | 237,622 |
| Labour | - | - | 15,369 |
| Municipal Affairs | 233,610 | 214,871 | 207,534 |
| Northern Affairs | - | - | 5,351 |
| Provincial Secretary | 2,525 | 2,750 | - |
| Public Service Commission | 16,741 | 39,234 | 15,868 |
| Saskatchewan Research Council | 8,992 | 8,992 | 8,446 |
| SaskEnergy Incorporated | - | - | 7,000 |
| Social Services | 625,209 | 615,032 | 711,193 |
| Tourism, Parks, Culture and Sport | 113,219 | 125,309 | 67,004 |
| Legislative Branch of Government | | | |
| Chief Electoral Officer | 1,174 | 10,852 | 1,281 |
| Children's Advocate | 1,450 | 1,624 | 1,298 |
| Conflict of Interest Commissioner | 138 | 136 | 128 |
| Information and Privacy Commissioner | 675 | 675 | 599 |
| Legislative Assembly | 21,105 | 21,389 | 19,740 |
| Ombudsman | 1,935 | 1,911 | 1,779 |
| Provincial Auditor | 6,505 | 6,516 | 6,054 |
| Total Operating Expense (schedules 12 and 13) | 7,789,730 | 8,036,091 | 7,706,949 |
| Operating Surplus | 79,570 | 1,811,054 | 936,097 |
| Servicing Government Debt (schedule 14) | (560,000) | (528,185) | (538,303) |
| Pre-transfer Surplus (Deficit) | (480,430) | 1,282,869 | 397,794 |
| Transfer (to) from the Fiscal Stabilization Fund | 509,872 | (641,434) | - |
| Transfer (to) from the Saskatchewan Infrastructure Fund | 45,558 | - | (105,090) |
| Surplus | 75,000 | 641,435 | 292,704 |

The accompanying notes and schedules are an integral part of these financial statements.

Statement of Accumulated Deficit

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | | 2007 |
|---|--------------------|--------------------|--------------------|
| | Budget | Actual | Actual |
| Accumulated deficit, beginning of year | (4,001,226) | (4,001,226) | (4,322,801) |
| Adjustment to accumulated deficit (note 11) | - | - | 28,871 |
| Surplus | 75,000 | 641,435 | 292,704 |
| Accumulated Deficit, End of Year | (3,926,226) | (3,359,791) | (4,001,226) |

Statement of Change in Net Debt

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | | 2007 |
|--|--------------------|--------------------|--------------------|
| | Budget | Actual | Actual |
| Surplus | 75,000 | 641,435 | 292,704 |
| Tangible Capital Assets | | | |
| Acquisitions (schedule 9) | (297,643) | (284,623) | (249,510) |
| Amortization (schedule 9) | 151,155 | 146,621 | 141,657 |
| Net loss on disposal | - | 469 | 12,722 |
| Proceeds on disposal | - | 2,744 | 1,569 |
| Write downs (schedule 9) | - | 1,499 | 82 |
| Net Acquisition of Tangible Capital Assets | (146,488) | (133,290) | (93,480) |
| Other Non-financial Assets | | | |
| Net acquisition of prepaid expenses | - | (386) | (197) |
| Net acquisition of inventories held for consumption | - | (10,643) | (7,842) |
| Net Acquisition of Other Non-financial Assets | - | (11,029) | (8,039) |
| Decrease (Increase) in net debt | (71,488) | 497,116 | 191,185 |
| Net debt, beginning of year | (6,445,669) | (6,445,669) | (6,635,946) |
| Transfers from government organizations | - | (1,163) | (908) |
| Net Debt, End of Year | (6,517,157) | (5,949,716) | (6,445,669) |

The accompanying notes and schedules are an integral part of these financial statements.

Statement of Cash Flow

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|---|------------------|------------------|
| Operating Activities | | |
| Surplus | 641,435 | 292,704 |
| Non-cash items included in surplus (schedule 15) | 111,831 | 111,308 |
| Net change in non-cash operating activities (schedule 16) | 228,384 | (17,237) |
| Cash Provided by Operating Activities | 981,650 | 386,775 |
| Capital Activities | | |
| Acquisition of tangible capital assets (schedule 9) | (284,623) | (249,510) |
| Proceeds on disposal of tangible capital assets | 2,744 | 1,569 |
| Cash Used for Capital Activities | (281,879) | (247,941) |
| Investing Activities | | |
| Loan advances | (378,789) | (204,144) |
| Loan repayments | 520,447 | 236,019 |
| Sinking fund contributions received from Crown corporations | 60,656 | 32,411 |
| Contributions made to sinking funds | (128,549) | (95,132) |
| Other | 3,987 | 1,489 |
| Cash Provided by (Used for) Investing Activities (schedule 17) | 77,752 | (29,357) |
| Financing Activities | | |
| Proceeds from public debt | 626,029 | 1,421,164 |
| Repayment of public debt | (1,071,041) | (1,293,271) |
| Increase (decrease) in deposits held | 74,495 | (850,107) |
| Cash Used for Financing Activities | (370,517) | (722,214) |
| Increase (Decrease) in Cash and Temporary Investments | 407,006 | (612,737) |
| Cash and temporary investments, beginning of year | 414,469 | 1,027,206 |
| Cash and Temporary Investments, End of Year | 821,475 | 414,469 |

The accompanying notes and schedules are an integral part of these financial statements.

Notes to the Financial Statements

As at March 31, 2008

1. Significant Accounting Policies

a) Basis of accounting

These financial statements are prepared in accordance with generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, with the following exceptions:

- transfers to and from the Fiscal Stabilization Fund and the Saskatchewan Infrastructure Fund are included in the determination of surplus for the year; and
- pension liabilities are not recorded in the financial statements. The General Revenue Fund accounts for defined benefit pension obligations on a cash basis.

b) Reporting entity

The General Revenue Fund is the general fund which receives all revenues unless otherwise specified by law. Spending from the General Revenue Fund is appropriated by the Legislative Assembly.

Other government entities such as special purpose funds, Crown corporations, and other agencies report separately in other financial statements. Only financial transactions to or from these other entities are included in the General Revenue Fund. The net expenses/recoveries for revolving funds' operations are charged to expense.

The Government's Summary financial statements which include the financial activities of the General Revenue Fund and other government entities are provided separately.

c) Specific accounting policies

Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Temporary investments are recorded at the lower of cost or market.

Agricultural land held for resale is valued at the lower of cost or net realizable value on an aggregate basis.

Deferred charges include issue costs and net discounts or premiums incurred on the issue of Government debt and related derivative instruments. They are recorded at cost and amortized on a straight-line basis over the remaining life of the debt issue.

Loans to Crown corporations and *Other loans* generally have fixed repayment terms and are interest bearing. Promissory notes issued by Crown corporations are recorded at par; all other loans are recorded at cost. Interest received on these loans is netted against interest paid on money borrowed for these loans.

Equity investment in Crown Investments Corporation of Saskatchewan is an advance to the corporation to form its equity capitalization and is recorded at cost.

Where there has been a loss in value that is other than a temporary decline, loans and equity investments are written down to recognize the loss.

Liabilities

Liabilities are present obligations to individuals and organizations outside of the General Revenue Fund arising from transactions and events occurring prior to year-end, which will be satisfied in the future through the transfer or use of assets or another form of economic settlement. They consist of obligations to provide authorized transfers where any eligibility criteria have been met, to repay borrowings, to pay for goods and services acquired prior to year-end and to deliver goods or services in the future, where payment has been received.

Unearned revenue consists mainly of revenue for Crown mineral leases and motor vehicle fees that will be earned in a subsequent fiscal year.

Public debt includes Government debt and Crown corporation debt, and is recorded at par.

Notes to the Financial Statements

1. Significant Accounting Policies *(continued)*

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. The General Revenue Fund is reimbursed by Crown corporations for all sinking fund contributions made on debt incurred on their behalf. Premiums and discounts on long-term investments within these sinking funds are amortized on a constant yield basis.

Debt issues and sinking fund investments held in foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

Premiums, discounts and issue costs incurred on Government debt are recorded as deferred charges. Interest, discounts, premiums and commissions on money borrowed for Crown corporations and others are netted against reimbursements by these entities.

Unamortized foreign exchange loss includes unrealized foreign exchange gains and losses resulting from conversion of Government debt and sinking fund investments held in a foreign currency to the Canadian dollar equivalent at March 31. Unrealized foreign exchange gains and losses are amortized on a straight-line basis over the remaining life of the debt issue. Realized foreign exchange gains and losses resulting from Government debt transactions are included in servicing Government debt.

Guaranteed debt includes guarantees by the Minister of Finance made through specific agreements or legislation to pay all or part of the principal and/or interest on a debt obligation in the event of default by the borrower. Loss provisions on guaranteed debt are recorded as a liability and an expense when it is likely that a loss will occur. The amount of the loss provision represents the best estimate of future payments net of recoveries.

Non-financial assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead are normally employed to deliver government services, may be consumed in the normal course of operations and are not for sale in the normal course of operations.

Inventories held for consumption are recorded at cost and are expensed as they are consumed.

Tangible capital assets are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset but does not include interest. Tangible capital assets are generally amortized on a straight-line basis over the estimated useful life of each asset.

Revenue

Revenues are recorded on the accrual basis. For corporate and individual income taxes, cash received from the federal government is used as the basis for estimating the tax revenue. Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

Expense

Expenses are recorded on the accrual basis, except for defined benefit pension plan costs which are recorded on the cash basis. Government transfers are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met.

d) Measurement uncertainty

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized or disclosed in financial statements. Such uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Measurement uncertainty that may be material to these financial statements exists:

- in corporate and individual income taxes because final tax assessments may differ from initial estimates on which cash payments are based;
- in the accrual of oil and natural gas resource royalties because of price and production sensitivities in the royalty structures;
- in the accrual of the federal government's Canada Health Transfer and Canada Social Transfer payments because of changes in the economic and demographic conditions in the Province and the country; and
- in the disclosure of liabilities for defined benefit pension plans because actual experience may differ from actuarial estimations.

Notes to the Financial Statements

1. Significant Accounting Policies *(continued)*

While best estimates are used to report items, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require a material change in the amounts recognized or disclosed.

2. Temporary Investments

The temporary investments are recorded at \$666.4 million (2007 - \$462.5 million), consist of investment grade money market securities and are generally for less than 30 days. Due to the short-term nature, market value approximates cost.

3. Agricultural Land Held for Resale

The estimated net realizable value of the agricultural land held for resale is \$220.2 million (2007 - \$207.1 million).

4. Risk Management of Public Debt

Funds are borrowed in both domestic and foreign capital markets by issuing Province of Saskatchewan securities. This borrowing activity finances Government operations and the activities of Crown corporations. These transactions result in exposure to four types of risk: interest rate risk, foreign exchange rate risk, credit risk and liquidity risk.

To manage these risks, a preference for fixed rate Canadian dollar denominated debt is maintained. Where market conditions dictate that other forms of debt are more attractive, opportunities are identified to use derivative financial instruments to reduce these risks. A derivative financial instrument is a contract whose value is based on the value of another asset or index.

Interest rate risk is the risk that debt servicing costs will increase due to changes in interest rates. This risk is managed by issuing debt securities at predominantly fixed rates of interest rather than at floating rates of interest.

Floating rate debt is defined as the sum of floating rate debentures, short-term promissory notes, fixed rate debt maturing within one year and Saskatchewan Savings Bonds. Opportunities are sought to effectively convert floating rate debt into fixed rate debt through the use of interest rate swaps. There are interest rate swaps on a notional value of debt of \$66.0 million (2007 - \$66.0 million). At March 31, 2008, 88.8 per cent (2007 - 88.5 per cent) of the gross debt effectively carried a rate of interest that was fixed for greater than a one year period.

Gross debt includes floating rate debt of \$1,297.0 million (2007 - \$1,382.4 million). A one percentage point increase in interest rates would decrease the surplus by \$7.8 million in 2008-09.

Foreign exchange rate risk is the risk that debt servicing costs will increase due to a decline in the value of the Canadian dollar relative to other currencies. This risk is managed by maintaining a preference for issuing debt that is denominated in Canadian dollars. Where debt has been issued in foreign currencies, opportunities are sought to effectively convert it into Canadian dollar debt through the use of a cross currency swap. At March 31, 2008, 97.6 per cent (2007 - 97.4 per cent) of the gross debt is effectively denominated in Canadian dollars.

The following foreign-denominated items have been hedged to Canadian dollars using cross currency swaps:

- debentures totalling 1,225.0 million U.S. dollars (2007 - 1,419.0 million) fully hedged to \$1,619.3 million Canadian (2007 - \$1,882.3 million);
- debentures totalling 300.0 million Swiss francs (2007 - 300.0 million) fully hedged to \$274.7 million Canadian (2007 - \$274.7 million); and
- interest payments on debentures of 275.0 million U.S. dollars (2007 - 275.0 million) hedged to Canadian dollars at an exchange rate of 1.2325 (2007 - 1.2325).

In total, there are cross currency swaps on a notional value of debt of \$2,507.5 million (2007 - \$2,770.5 million). The effectiveness of these hedges is assessed on an ongoing basis by monitoring the credit ratings of the counterparties to the hedges.

Credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. This risk is managed by dealing only with counterparties that have good credit ratings and by establishing limits on individual counterparty exposures and monitoring those exposures on a regular basis. At March 31, 2008, 100 per cent (2007 - 100 per cent) of counterparties held a Standard and Poor's credit rating of A or higher.

Liquidity risk is a risk that financial commitments will not be met over the short-term. This risk is managed by distributing debt maturities over many years, maintaining sinking funds on long-term debt issues and maintaining adequate cash reserves and short-term borrowing programs as contingent sources of liquidity.

Notes to the Financial Statements

5. Retirement Benefits

The Government sponsors several defined benefit pension plans and a defined contribution pension plan.

Pension fund assets of government sponsored defined benefit and defined contribution pension plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

Defined benefit plans

Defined benefit plans provide benefits based on length of service and pensionable earnings. A typical defined benefit plan provides pensions equal to 2.0 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

The two main plans are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan (STC), Anti-TB League Employees Superannuation Plan (ATB) and the Saskatchewan Pension Annuity Fund, an annuity underwriting operation. Obligations for allowances payable to members of the former Members of the Legislative Assembly Superannuation Fund (MLA) are part of the General Revenue Fund.

Actuarial valuations are performed at least triennially. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. Estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on actual market values averaged over a four year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

The Government is required to match member current service contributions for all plans except the PSSP and Judges. Separate pension funds are maintained for all plans except the PSSP and the MLA. The PSSP member contributions are deposited into the General Revenue Fund. All pension obligations arising under the PSSP and the MLA are paid from the General Revenue Fund.

Information on the defined benefit plans is as follows:

| | 2008 | | | | 2007 |
|---|------------|------------------------|------------------------|--------|--------|
| | TSP | PSSP | Others | Total | Total |
| Plan status | closed | closed | closed ¹ | n/a | n/a |
| Member contribution rate (percentage of salary) | 7.85 | 7.00-9.00 ² | 5.00-9.00 ² | n/a | n/a |
| Number of active members | 2,671 | 1,147 | 61 | 3,879 | 4,499 |
| Average age of active members (years) | 54.6 | 55.4 | 57.2 | 54.9 | 53.8 |
| Number of former members entitled to deferred pension benefits | 4,873 | 109 | 11 | 4,993 | 5,095 |
| Number of superannuates and surviving spouses | 10,872 | 5,721 | 2,353 | 18,946 | 18,729 |
| Actuarial valuation date | June 30/07 | Dec. 31/05 | Various | n/a | n/a |
| Long-term assumptions used | | | | | |
| Rate of compensation increase (percentage) | 3.50 | 3.50 | 3.50 | n/a | n/a |
| Expected rate of return on plan assets (percentage) | 6.90 | n/a | 4.75-6.00 | n/a | n/a |
| Discount rate (percentage) | 5.00 | 4.75 | 4.25-5.00 | n/a | n/a |
| Inflation rate (percentage) | 2.50 | 2.50 | 2.50 | n/a | n/a |
| Expected average remaining service life (years) | 3.7 | 3.9 | 0-10 | n/a | n/a |
| Post-retirement index (percentage of annual increase in Consumer Price Index) | 80 | 70 | Various | n/a | n/a |

¹ Judges is open to new membership; all other plans are closed.

² Contribution rate varies based on age upon joining the plan.

Notes to the Financial Statements

5. Retirement Benefits *(continued)*

Based on the latest actuarial valuations, extrapolated to March 31, 2008, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below:

| (thousands of dollars) | 2008 | | | | 2007 |
|---|------------------|-----------|----------|-----------|-----------|
| | TSP ¹ | PSSP | Others | Total | Total |
| Accrued benefit obligation, | | | | | |
| beginning of year | 4,860,560 | 1,854,824 | 295,042 | 7,010,426 | 6,877,140 |
| Current period benefit cost | 51,839 | 18,227 | 4,685 | 74,751 | 81,889 |
| Plan amendment ² | - | - | - | - | 90,433 |
| Interest cost | 272,119 | 90,502 | 34,482 | 397,103 | 370,004 |
| Actuarial losses (gains) | 95,727 | 53,674 | 11,719 | 161,120 | (2,595) |
| Benefit payments | (298,865) | (107,790) | (21,958) | (428,613) | (406,445) |
| Accrued Benefit Obligation, End of Year | 4,981,380 | 1,909,437 | 323,970 | 7,214,787 | 7,010,426 |
| Plan assets, beginning of year | 1,399,840 | - | 187,757 | 1,587,597 | 1,645,659 |
| Return on plan assets | 101,817 | - | 31,121 | 132,938 | 110,119 |
| Employer contributions | 33,400 | 103,082 | 5,349 | 141,831 | 220,592 |
| Employee contributions | 13,890 | 4,708 | 463 | 19,061 | 21,456 |
| Plan expenses | (3,735) | - | (499) | (4,234) | (4,502) |
| Actuarial gains | 183,376 | - | 4,701 | 188,077 | 718 |
| Benefit payments | (298,865) | (107,790) | (21,958) | (428,613) | (406,445) |
| Plan Assets, End of Year ³ | 1,429,723 | - | 206,934 | 1,636,657 | 1,587,597 |
| | 3,551,657 | 1,909,437 | 117,036 | 5,578,130 | 5,422,829 |
| Unamortized estimation adjustments ⁴ | (362,000) | (120,805) | (7,518) | (490,323) | (763,585) |
| Total Pension Liabilities ⁵ | 3,189,657 | 1,788,632 | 109,518 | 5,087,807 | 4,659,244 |

¹ The TSP accrued benefit obligation includes a liability of \$29.6 million (2007 - \$32.0 million) relating to the TSP disability provision. The TSP's actual rate of return on plan assets was 0.7 per cent (2007 - 13.3 per cent).

² During 2006-07, the Government approved a plan amendment to provide guaranteed indexing of pensions for members of the PSSP, Judges, STC, ATB, and MLA at 70 per cent of the annual change in Consumer Price Index. Previously, the Government provided ad hoc indexing to members of these plans.

³ At March 31, 2008, the market value of plan investments was \$1,750.7 million (2007 - \$1,994.4 million). Of this amount 42.6 per cent (2007 - 44.0 per cent) was invested in fixed income securities and 45.6 per cent (2007 - 45.2 per cent) in equity investments.

⁴ Unamortized estimation adjustments are amortized against the net obligation over periods ranging from 3.7 to 6.6 years for the TSP, from 3.9 to 10.8 years for the PSSP, and from 4 to 12 years for the other plans. These represent the expected average remaining service life of active plan members at the time the estimation adjustments arose.

⁵ Changes in assumptions can result in significantly higher or lower estimates of pension liabilities. A one percentage point decrease in the discount rate would result in a \$613.2 million and \$242.5 million increase in the pension liabilities for the TSP and the PSSP respectively, and a one percentage point increase would result in a \$502.4 million and \$200.5 million decrease in the pension liabilities for the TSP and the PSSP respectively.

Defined contribution plans

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary.

The Government sponsors the Public Employees Pension Plan (PEPP), a multi-employer defined contribution plan. Employers are required to provide contributions at specific rates for employee current service. The General Revenue Fund has fully funded its share of contributions. The General Revenue Fund also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation.

Notes to the Financial Statements

5. Retirement Benefits *(continued)*

Information on the defined contribution plans to which the General Revenue Fund contributes is as follows:

| | 2008 | | 2007 | |
|--|------------------------|-------------------|--------|--------|
| | PEPP | STRP ¹ | Total | Total |
| Plan status | open | n/a | n/a | n/a |
| Member contribution rate <i>(percentage of salary)</i> | 5.00-8.00 ² | n/a | n/a | n/a |
| Government contribution rate <i>(percentage of salary)</i> | 6.00-8.00 ² | n/a | n/a | n/a |
| Number of active members, all employers | 31,263 | n/a | 31,263 | 30,378 |
| General Revenue Fund participation | | | | |
| Number of active members | 16,197 | n/a | 16,197 | 15,594 |
| Member contributions <i>(thousands of dollars)</i> | 47,486 | n/a | 47,486 | 40,347 |
| Government contributions <i>(thousands of dollars)</i> | 50,646 | 42,052 | 92,698 | 75,788 |

¹ The STRP is a contributory defined benefit pension plan. The Government contributes an amount which is set through provincial negotiations.

² Contribution rate varies based on employee group.

Pension expense

Pensions are accounted for on a cash basis. The pension liabilities are not recorded in the financial statements.

| <i>(thousands of dollars)</i> | 2008 | 2007 |
|-------------------------------|---------|---------|
| Defined benefit plans | 141,831 | 220,592 |
| Defined contribution plans | 92,698 | 75,788 |
| Total Pension Expense | 234,529 | 296,380 |

6. Contingencies

Guaranteed debt

The Minister of Finance has guaranteed the debt of others of \$25.2 million (2007 - \$34.4 million). Schedule 8 provides a listing of guaranteed debt.

Lawsuits

Up to \$32.0 million may be paid depending on the outcome of lawsuits in progress.

Crop insurance liability

The Saskatchewan Crop Insurance Corporation administers the federal/provincial Crop Insurance Program. Premiums for the program are paid by the General Revenue Fund, the federal government and producers. A portion of the premiums is required to be paid to reinsurance funds established by the Province and the federal government. In certain circumstances, the reinsurance funds pay benefits to the Corporation.

In any year, where crop insurance indemnities exceed net premiums and any crop insurance fund balance, the shortfall is derived from one or both of the Crop Reinsurance Fund of Saskatchewan and the Crop Reinsurance Fund of Canada for Saskatchewan.

At March 31, 2008 the Crop Reinsurance Fund of Saskatchewan had a deficiency of \$72.3 million (2007 - \$114.7 million). Crop insurance premiums are actuarially set to cover indemnities over the long-term. In the event that the deficiency in the Saskatchewan reinsurance fund cannot be recovered from future premiums, the General Revenue Fund is required to pay the deficiency.

Notes to the Financial Statements

7. Contractual Obligations

Significant contractual obligations include:

- contracts for highway improvement, \$146.9 million over two years;
- capital grant projects, over the next 15 years, \$128.8 million;
- construction contracts, \$63.1 million over four years;
- aerial fleet renewal, for fire suppression, \$47.7 million over three years;
- Building Communities Program agreements, \$37.1 million over two years;
- computer service agreements, \$35.5 million over four years;
- vehicle purchases, \$15.4 million;
- treaty land entitlement agreements valued at approximately \$14.4 million over five years; rural municipality and school division tax loss compensation of approximately \$10.6 million as land achieves reserve status over the course of the agreements;
- research and development projects for agriculture technology and opportunities in the agri-food industry, \$14.4 million over five years;
- Saskatchewan Association of Rehabilitation Centres, for beverage container collection and recycling, \$13.9 million;
- projects to expand innovation and enhance the competitive ability of the Saskatchewan economy, \$10.2 million over three years; and
- operating and capital lease obligations as follows:

| <i>(thousands of dollars)</i> | Operating | Capital |
|-------------------------------|------------------|----------------|
| Future minimum lease payments | | |
| 2008-09 | 27,002 | 15,334 |
| 2009-10 | 22,408 | 11,873 |
| 2010-11 | 18,348 | 11,543 |
| 2011-12 | 15,346 | 9,664 |
| 2012-13 | 12,035 | 5,165 |
| Thereafter | 35,919 | 7,896 |
| | 131,058 | 61,475 |
| Interest and executory costs | - | (26,293) |
| Total Lease Obligations | 131,058 | 35,182 |

8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, agencies, boards, and commissions related to the General Revenue Fund by virtue of common control by the Government of Saskatchewan.

Transactions include transfers to related parties of \$2,980.9 million (2007 - \$2,832.1 million).

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions include:

- payments to Saskatchewan Telecommunications Holding Corporation of approximately \$27.6 million (2007 - \$27.8 million); and,
- taxation and non-renewable resource revenue received from related parties during 2007-08 of approximately \$83.3 million (2007 - \$80.9 million). In addition, Saskatchewan Provincial Sales Tax and Fuel Tax are received from related parties on all taxable purchases.

Amounts due to or from related parties are described separately in these financial statements.

Notes to the Financial Statements

9. Trust Funds

Trust assets are administered but not owned by the Government and the Government has no equity in the funds.

Trust fund assets held and administered by the General Revenue Fund are as follows:

| (thousands of dollars) | 2008 | 2007 (Restated) |
|---|------------------|--------------------|
| Pension plans | 7,993,766 | 7,878,338 |
| Public Guardian and Trustee of Saskatchewan | 154,451 | 154,479 |
| Other | 37,338 | 30,854 |
| Total Trust Fund Assets¹ | 8,185,555 | 8,063,671 |

¹ Amounts are based on the latest financial statements of the funds closest to March 31, 2008, where available.

10. Debt Reduction Account

This account was established pursuant to *The Balanced Budget Act*. The Debt Reduction Account is an accounting of the accumulated surpluses of the General Revenue Fund commencing April 1, 1995.

| (thousands of dollars) | Budget | Actual |
|---|------------------|------------------|
| Debt Reduction Account, beginning of year | 1,662,283 | 1,662,283 |
| Reduction in accumulated deficit for the year | 75,000 | 641,435 |
| Debt Reduction Account, End of Year | 1,737,283 | 2,303,718 |

11. Adjustment to Accumulated Deficit

On April 1, 2006, the Saskatchewan Water Corporation transferred the Lake Diefenbaker area irrigation assets to the Ministry of Agriculture. This transfer resulted in an increase in non-financial assets of \$28.9 million and a corresponding decrease in the accumulated deficit of \$28.9 million.

12. Government Reorganization

In November, 2007, the Government underwent a reorganization that resulted in responsibility for certain functions being transferred between ministries.

The 2008 budget and actual operating expenses in the Statement of Operations reflect the organizational changes.

The information below reconciles the 2008 budget and actual operating expenses presented in the Statement of Operations to the 2008 Estimates approved by the Legislative Assembly.

Notes to the Financial Statements

12. Government Reorganization (continued)

| | 2008 Budget | | | 2008 Actual | | |
|--|-----------------------|-------------|----------------------------|-----------------------|-------------|----------------------------|
| | Approved Estimates | Adjustments | Statement of Operations | Approved Estimates | Adjustments | Statement of Operations |
| Executive Branch of Government | | | | | | |
| Advanced Education, Employment and Labour ¹ | 669,351 | 16,830 | 686,181 | 668,660 | 16,503 | 685,163 |
| Agriculture ² | 301,107 | 851 | 301,958 | 301,456 | 741 | 302,197 |
| Corrections, Public Safety and Policing ³ | 142,605 | 118,463 | 261,068 | 187,412 | 118,005 | 305,417 |
| Education | 944,987 | - | 944,987 | 959,951 | - | 959,951 |
| Energy and Resources ^{4,5,6} | 82,331 | (47,009) | 35,322 | 103,978 | (47,710) | 56,268 |
| Enterprise and Innovation ^{7,8} | 12,113 | 40,597 | 52,710 | 14,175 | 39,865 | 54,040 |
| Environment ⁹ | 193,335 | (14,460) | 178,875 | 191,083 | (16,162) | 174,921 |
| Executive Council | 9,302 | - | 9,302 | 12,562 | - | 12,562 |
| Finance | 287,348 | - | 287,348 | 284,463 | - | 284,463 |
| First Nations and Metis Relations ⁷ | 51,694 | 6,038 | 57,732 | 61,512 | 9,446 | 70,958 |
| Forestry Secretariat ⁴ | 2,000 | (2,000) | - | 578 | (578) | - |
| Government Services | 11,848 | - | 11,848 | 8,654 | - | 8,654 |
| Government Services - commercial operations | - | - | - | 70,312 | - | 70,312 |
| Health | 3,446,123 | - | 3,446,123 | 3,504,333 | - | 3,504,333 |
| Highways and Infrastructure ⁸ | 334,788 | 13,876 | 348,664 | 342,469 | 11,215 | 353,684 |
| Highways and Infrastructure - commercial operations | - | - | - | 6,542 | - | 6,542 |
| Information Technology Office | 5,136 | - | 5,136 | 5,362 | - | 5,362 |
| Information Technology Office - commercial operations | - | - | - | 27 | - | 27 |
| Intergovernmental Affairs ⁹ | - | 2,453 | 2,453 | - | 2,757 | 2,757 |
| Justice and Attorney General ^{10,11} | 246,213 | (119,468) | 126,745 | 248,078 | (118,889) | 129,189 |
| Labour ¹ | 16,830 | (16,830) | - | 16,503 | (16,503) | - |
| Municipal Affairs ^{5,6,12} | 252,464 | (18,854) | 233,610 | 231,468 | (16,597) | 214,871 |
| Northern Affairs ¹ | 6,038 | (6,038) | - | 9,446 | (9,446) | - |
| Provincial Secretary ¹⁰ | - | 2,525 | 2,525 | 125 | 2,625 | 2,750 |
| Public Service Commission | 16,741 | - | 16,741 | 39,234 | - | 39,234 |
| Saskatchewan Research Council | 8,992 | - | 8,992 | 8,992 | - | 8,992 |
| Social Services | 625,209 | - | 625,209 | 615,032 | - | 615,032 |
| Tourism, Parks, Culture and Sport ⁶ | 90,193 | 23,026 | 113,219 | 100,581 | 24,728 | 125,309 |
| Legislative Branch of Government | | | | | | |
| Chief Electoral Officer | 1,174 | - | 1,174 | 10,852 | - | 10,852 |
| Children's Advocate | 1,450 | - | 1,450 | 1,624 | - | 1,624 |
| Conflict of Interest Commissioner | 138 | - | 138 | 136 | - | 136 |
| Information and Privacy Commissioner | 675 | - | 675 | 675 | - | 675 |
| Legislative Assembly | 21,105 | - | 21,105 | 21,389 | - | 21,389 |
| Ombudsman | 1,935 | - | 1,935 | 1,911 | - | 1,911 |
| Provincial Auditor | 6,505 | - | 6,505 | 6,516 | - | 6,516 |
| Total Operating Expense | 7,789,730 | - | 7,789,730 | 8,036,091 | - | 8,036,091 |

¹ Advanced Education, Employment and Labour assumed responsibility for Labour.

² Agriculture assumed responsibility for the Farm Land Security Board from Justice and Attorney General.

³ Corrections, Public Safety and Policing assumed responsibility for the Police Commission, Royal Canadian Mounted Police, Police Programs and Law Enforcement Services from Justice and Attorney General.

⁴ Energy and Resources assumed responsibility for the Forestry Secretariat and responsibility for the Surface Rights Arbitration Board from Justice and Attorney General.

⁵ Enterprise and Innovation assumed responsibility for the Economic Partnership Agreements, Petroleum Research Initiative, Strategic Investment Fund, Technology Commercialization, Ethanol Fuel Tax Rebate, Industry Development, and Saskatchewan Trade and Export Partnership Inc. from Energy and Resources.

⁶ Tourism, Parks, Culture and Sport assumed responsibility for Parks (including the Commercial Revolving Fund) from Environment, Tourism Saskatchewan from Energy and Resources and the Saskatchewan Snowmobile Trail Management from Enterprise and Innovation.

⁷ First Nations and Metis Relations assumed responsibility for Northern Affairs.

⁸ Highways and Infrastructure assumed responsibility for the Canada-Saskatchewan Infrastructure Program and the Canada Strategic Infrastructure Fund from Municipal Affairs.

⁹ Intergovernmental Affairs assumed responsibility for Intergovernmental Relations from Municipal Affairs.

¹⁰ Office of the Provincial Secretary assumed responsibility for the Provincial Secretary and the Office of French Language Coordination from Municipal Affairs.

Notes to the Financial Statements

13. Comparative Figures

Certain of the 2007 figures have been reclassified to conform with the current year presentation. With regard to expenses, the figures are reported on the same basis as the Estimates for the prior year.

Accounts Receivable**Schedule 1**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|----------------|
| Taxation | 201,742 | 200,030 |
| Non-renewable resources | 220,633 | 182,342 |
| Transfers from Government entities | 141,252 | 131,577 |
| Other own-source revenue | 78,008 | 79,188 |
| Transfers from the federal government | 91,267 | 105,371 |
| Other | 62,641 | 67,230 |
| | 795,543 | 765,738 |
| Provision for loss | (59,166) | (65,540) |
| Total Accounts Receivable¹ | 736,377 | 700,198 |

¹ Accounts receivable include \$146.0 million due from related parties (2007 - \$137.2 million).**Loans to Crown Corporations****Schedule 2**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|----------------|
| Promissory Notes | | |
| Information Services Corporation of Saskatchewan | - | 11,000 |
| Municipal Financing Corporation of Saskatchewan | - | 4,946 |
| Saskatchewan Crop Insurance Corporation | - | 15,800 |
| Saskatchewan Opportunities Corporation | 31,844 | 18,000 |
| Saskatchewan Power Corporation | 165,000 | - |
| Saskatchewan Water Corporation | 19,358 | 19,914 |
| SaskEnergy Incorporated | 100,500 | 40,000 |
| Total Promissory Notes | 316,702 | 109,660 |

| | Principal Outstanding | Sinking Fund Equity | | |
|---|--------------------------|------------------------|------------------|------------------|
| Long-term Loans | | | | |
| Information Services Corporation of Saskatchewan | 13,547 | - | 13,547 | 13,547 |
| Investment Saskatchewan Inc. | 3,919 | - | 3,919 | 10,919 |
| Municipal Financing Corporation of Saskatchewan | 26,230 | (466) | 25,764 | 17,055 |
| Saskatchewan Crop Insurance Corporation | 100,000 | (27,842) | 72,158 | 100,000 |
| Saskatchewan Housing Corporation | 83,004 | (48,929) | 34,075 | 36,701 |
| Saskatchewan Power Corporation | 2,194,597 | (186,286) | 2,008,311 | 2,311,644 |
| Saskatchewan Telecommunications Holding Corporation | 347,379 | (57,681) | 289,698 | 308,945 |
| Saskatchewan Water Corporation | 21,716 | (956) | 20,760 | 14,667 |
| SaskEnergy Incorporated | 652,444 | (43,050) | 609,394 | 633,930 |
| Total Long-term Loans | 3,442,836 | (365,210) | 3,077,626 | 3,447,408 |
| Total Loans to Crown Corporations | | | 3,394,328 | 3,557,068 |

Other Loans**Schedule 3**

As at March 31, 2008
(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|----------------|
| Advanced Education, Employment and Labour | | |
| Saskatchewan Student Aid Fund | 101,624 | 104,321 |
| Agriculture | | |
| Agricultural Credit Corporation of Saskatchewan | 7,750 | 7,750 |
| Short-term hog loans | 14,638 | 6,279 |
| Provision for loss | (8,103) | (3,103) |
| First Nations and Metis Relations | | |
| Economic development loans | 4,022 | 5,051 |
| Provision for loss | (1,622) | (2,346) |
| Enterprise and Innovation | | |
| Economic development loans | 11,031 | 12,484 |
| Provision for loss | (2,945) | (3,019) |
| Other | 3,240 | 2,350 |
| Total Other Loans | 129,635 | 129,767 |

Accounts Payable and Accrued Liabilities**Schedule 4**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|------------------|------------------|
| Personal services | 66,725 | 74,937 |
| Travel | 1,904 | 2,224 |
| Transfers | 317,727 | 328,948 |
| Goods and services | 137,112 | 144,556 |
| Accrued interest | 137,500 | 138,732 |
| Transfers to the federal government | 228,533 | 219,637 |
| Equalization and Canada Health and Social Transfer repayable to the federal government | 341,690 | 362,011 |
| Tangible capital assets | 33,225 | 35,863 |
| Other | 389,033 | 77,351 |
| Total Accounts Payable and Accrued Liabilities¹ | 1,653,449 | 1,384,259 |

¹ Includes \$400.8 million payable to related parties (2007 - \$123.6 million) and \$573.5 million payable to the federal government (2007 - \$585.6 million).

Deposits Held**Schedule 5**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|----------------|
| Deposits held on behalf of government entities and others | | |
| Cattle Marketing Deductions Fund | 6,001 | 5,972 |
| Liquor and Gaming Authority | 48,328 | 41,119 |
| New Crops Insurance Program | 6,342 | 6,080 |
| Public Employees' Pension Plan | 7,057 | 4,649 |
| Queen's Bench Court Accounts | 7,589 | 8,322 |
| Saskatchewan Agricultural Stabilization Fund | 6,499 | 7,342 |
| Saskatchewan Crop Insurance Corporation | 155,452 | 127,740 |
| Saskatchewan Health Information Network | 21,905 | 8,975 |
| Saskatchewan Student Aid Fund | 41,035 | 37,015 |
| School Division Tax Loss Compensation Fund | 6,274 | 5,806 |
| Teachers' Superannuation Commission | 5,045 | 4,954 |
| Transportation Partnerships Fund | 9,917 | 9,571 |
| Other | 35,973 | 30,419 |
| Conditional receipts | 27,971 | 12,929 |
| Total Deposits Held | 385,388 | 310,893 |

Public Debt

As at March 31, 2008

(thousands of dollars)

Schedule 6

| | 2008 | | | 2007 |
|---|-------------------------|--------------------|-------------------|-------------------|
| | Gross Debt ¹ | Sinking Funds | Public Debt | Public Debt |
| | | (schedule 7) | | |
| Crown Corporations | | | | |
| Information Services Corporation of Saskatchewan | 13,547 | - | 13,547 | 24,547 |
| Investment Saskatchewan Inc. | 3,919 | - | 3,919 | 10,919 |
| Municipal Financing Corporation of Saskatchewan | 26,230 | (466) | 25,764 | 22,001 |
| Saskatchewan Crop Insurance Corporation | 100,000 | (27,842) | 72,158 | 115,800 |
| Saskatchewan Housing Corporation | 83,004 | (48,929) | 34,075 | 36,701 |
| Saskatchewan Opportunities Corporation | 31,844 | - | 31,844 | 18,000 |
| Saskatchewan Power Corporation | 2,359,597 | (186,286) | 2,173,311 | 2,311,644 |
| Saskatchewan Telecommunications Holding Corporation | 347,379 | (57,681) | 289,698 | 308,945 |
| Saskatchewan Water Corporation | 41,074 | (956) | 40,118 | 34,581 |
| SaskEnergy Incorporated | 752,944 | (43,050) | 709,894 | 673,930 |
| Total Crown Corporations | 3,759,538 | (365,210) | 3,394,328 | 3,557,068 |
| Government | 7,818,371 | (994,048) | 6,824,323 | 7,244,938 |
| Public Debt² | 11,577,909 | (1,359,258) | 10,218,651 | 10,802,006 |

¹ The average effective interest rate on gross debt during 2007-08 was 6.7 per cent (2006-07 - 6.7 per cent), and includes the impact of foreign exchange and the amortization of any premiums and discounts associated with the debentures. The average term to maturity of gross debt outstanding at March 31, 2008 is 11.5 years (2007 - 11.9 years).

Gross debt includes Canada Pension Plan debentures of \$798.5 million (2007 - \$851.4 million). These debentures are callable in whole or in part before maturity, on six business days prior notice, at the option of the Minister of Finance of Saskatchewan.

² Public debt repayable in U.S. dollars of 78.6 million (2007 - 91.7 million) has been restated to \$80.8 million Canadian (2007 - \$105.7 million) at the exchange rate in effect at March 31, 2008 of 1.0279 (2007 - 1.1529).

Debt principal payment requirements in each of the next five years and thereafter are as follows:

| | 2008 | 2007 |
|-----------------------------|-------------|-------------|
| Year of Maturity | | |
| Short-term promissory notes | 430,000 | 223,200 |
| 2007-08 | - | 851,279 |
| 2008-09 | 614,478 | 623,199 |
| 2009-10 | 933,394 | 934,952 |
| 2010-11 | 650,974 | 659,104 |
| 2011-12 | 265,387 | 466,499 |
| 2012-13 | 1,165,892 | - |
| 6-10 years | 2,755,686 | 3,514,939 |
| Thereafter | 4,762,098 | 4,784,124 |
| Gross Debt ¹ | 11,577,909 | 12,057,296 |
| Sinking Funds | (1,359,258) | (1,255,290) |
| Public Debt | 10,218,651 | 10,802,006 |

¹ Gross debt includes debentures of \$210.5 million (2007 - \$210.5 million) that provide the holder with a choice of dates on which the debt matures. The year of maturity reflects the earliest possible date of maturity rather than maximum term to maturity.

Sinking Funds

As at March 31, 2008

(thousands of dollars)

Schedule 7

| | 2007 | 2008 | | | | |
|---|-----------|----------------------------|-----------------------|--------------------------|------------|-----------|
| | Sinking | | | | Currency | Sinking |
| | Funds | Contributions ¹ | Earnings ² | Redemptions ³ | Adjustment | Funds |
| Crown Corporations | | | | | | |
| Municipal Financing Corporation of Saskatchewan | 275 | 173 | 18 | - | - | 466 |
| Saskatchewan Crop Insurance Corporation | - | 27,400 | 442 | - | - | 27,842 |
| Saskatchewan Housing Corporation | 46,303 | 585 | 2,041 | - | - | 48,929 |
| Saskatchewan Power Corporation | 213,678 | 22,853 | 9,734 | (59,979) | - | 186,286 |
| Saskatchewan Telecommunications Holding Corporation | 52,031 | 3,266 | 2,384 | - | - | 57,681 |
| Saskatchewan Water Corporation | 389 | 537 | 30 | - | - | 956 |
| SaskEnergy Incorporated | 39,523 | 5,842 | 1,801 | (4,116) | - | 43,050 |
| Total Crown Corporations | 352,199 | 60,656 | 16,450 | (64,095) | - | 365,210 |
| Government | 903,091 | 67,893 | 45,858 | - | (22,794) | 994,048 |
| Total Sinking Funds ⁴ | 1,255,290 | 128,549 | 62,308 | (64,095) | (22,794) | 1,359,258 |

¹ Annual contributions, when established by Order in Council, are set at not less than one per cent of debentures outstanding. The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

| | 2009 | 2010 | 2011 | 2012 | 2013 | Total |
|-------------------------------------|----------|----------|----------|----------|----------|-----------|
| Contributions ^a | 104,080 | 99,206 | 93,246 | 87,006 | 85,293 | 468,831 |
| Recoverable from Crown corporations | (31,631) | (31,316) | (31,316) | (29,616) | (29,616) | (153,495) |
| Government Contributions | 72,449 | 67,890 | 61,930 | 57,390 | 55,677 | 315,336 |

^a Each year includes contributions of \$1.0 million for U.S. dollar debt.

² Sinking fund earnings include losses on investment sales of \$1.0 million (2007 - gains of \$6.8 million).

³ The redemption value is based on the market value of the sinking fund units at the date of redemption.

⁴ The market value of sinking funds at March 31, 2008 is \$1,418.6 million (2007 - \$1,287.7 million).

Sinking fund assets have been invested as follows:

| | 2008 | 2007 |
|--|------------------|------------------|
| Long-term Investments in securities of: | | |
| Government of Saskatchewan, coupon interest range 4.3% to 10.3%, maturing in 1.8 to 32.2 years | 441,676 | 432,662 |
| Government of Canada, coupon interest range 4.0% to 5.8%; maturing in 4.7 to 25.2 years | 26,093 | 195,903 |
| Other provincial governments, coupon interest range 4.2% to 8.75%; maturing in 3.8 to 36.9 years | 641,605 | 455,015 |
| Government of the United States, coupon interest 3.5%; maturing in 9.9 years | 10,333 | 19,964 |
| Cash, short term investments and accrued interest ^b | 239,551 | 151,746 |
| Total Sinking Funds^c | 1,359,258 | 1,255,290 |

^b Cash, short term investments and accrued interest are disclosed net of \$9 million (2007 - \$1.1 million) in liabilities.

^c Included in total sinking funds are U.S. dollar cash, investments and accrued interest converted to \$201.9 million Canadian (2007 - \$211.4 million) at the exchange rate in effect at March 31, 2008, 1.0279 (2007 - 1.1529).

Guaranteed Debt**Schedule 8**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|---------------|---------------|
| Crown Corporations | | |
| <i>The Power Corporation Act</i> | | |
| Saskatchewan Power savings bonds | | |
| Series I - series VII (matured) | 21 | 21 |
| <i>The Saskatchewan Development Fund Act</i> | | |
| Guaranteed investments | 717 | 728 |
| <i>The Saskatchewan Telecommunications Act</i> | | |
| Telebonds - series I (matured) | 124 | 127 |
| Total Crown Corporations | 862 | 876 |
| Other | | |
| <i>The Economic and Co-operative Development Act</i> | | |
| Vanguard Inc. | 1,250 | 1,250 |
| <i>The Farm Financial Stability Act</i> | | |
| Breeder associations loan guarantees | 12,912 | 14,417 |
| Feeder associations loan guarantees | 9,010 | 10,778 |
| Feedlot construction loan guarantees | 742 | 749 |
| Individual cattle feeder loan guarantees | 379 | 75 |
| <i>The Housing and Special-care Homes Act</i> | | |
| Senior citizens' housing | 29 | 32 |
| <i>The Student Assistance and Student Aid Fund Act</i> | 43 | 71 |
| <i>The NewGrade Energy Inc. Act</i> | | |
| NewGrade Energy Inc. | - | 6,111 |
| Total Other | 24,365 | 33,483 |
| Total Guaranteed Debt¹ | 25,227 | 34,359 |

¹ In addition to the amount shown, there is a contingent liability for interest accrued on certain of these items.

Total guaranteed debt is net of a loss provision of \$0.5 million (2007 - \$0.5 million).

Breeder and Feeder Associations

The Government provides guarantees to lenders who make loans to production associations. The Government guarantees repayment of 25 per cent of the outstanding loan balance at the time of a first default on any advance, plus accrued interest as of the time that payment is to be made on the guarantee. Guarantees for each cattle association are limited to \$6 million under the breeder option. Guarantees for each bison association are limited to \$5 million under the feeder option and \$6 million under the breeder option. Guarantees for each sheep association are limited to \$4 million under both the breeder and feeder options.

Tangible Capital Assets

As at March 31, 2008

(thousands of dollars)

Schedule 9

| | 2008 | | | | | 2007 | |
|---|--------------------------------------|-----------------------------|----------------------------------|---------------------------------------|---------------------|-----------|-----------|
| | Land, Buildings & Improvements | Machinery & Equipment | Trans- portation Equipment | Office & Information Technology | Infra- structure | Total | Total |
| Estimated useful life | 15 years- Indefinite | 10-20 years | 10-40 years | 5-10 years | 15-40 years | | |
| Opening Net Book Value of Tangible Capital Assets ¹ | 578,600 | 68,245 | 146,375 | 39,664 | 1,530,634 | 2,363,518 | 2,240,259 |
| Opening cost | 906,962 | 120,555 | 205,561 | 88,814 | 3,034,903 | 4,356,795 | 4,104,306 |
| Acquisitions | 70,570 | 12,825 | 31,114 | 1,815 | 168,299 | 284,623 | 249,510 |
| Transfers | (186) | 41 | (41) | 58 | 1,325 | 1,197 | 62,828 |
| Write downs | (402) | (252) | - | (1,860) | (340) | (2,854) | (123) |
| Disposals | (2,293) | (887) | (6,456) | (188) | (24,915) | (34,739) | (59,726) |
| Closing cost ² | 974,651 | 132,282 | 230,178 | 88,639 | 3,179,272 | 4,605,022 | 4,356,795 |
| Opening accumulated amortization | 328,362 | 52,310 | 59,186 | 49,150 | 1,504,269 | 1,993,277 | 1,864,047 |
| Annual amortization | 24,614 | 5,949 | 14,023 | 8,152 | 93,883 | 146,621 | 141,657 |
| Transfers | - | - | - | 34 | - | 34 | 33,050 |
| Write downs | 183 | (187) | - | (1,181) | (170) | (1,355) | (41) |
| Disposals | (1,805) | (674) | (3,961) | (172) | (24,914) | (31,526) | (45,436) |
| Closing accumulated amortization | 351,354 | 57,398 | 69,248 | 55,983 | 1,573,068 | 2,107,051 | 1,993,277 |
| Closing Net Book Value of Tangible Capital Assets ¹ | 623,297 | 74,884 | 160,930 | 32,656 | 1,606,204 | 2,497,971 | 2,363,518 |

¹ Net book value of tangible capital assets does not include:

- works of art and historical treasures such as the Legislative Building, and
- intangible assets and items inherited by right of the Crown such as Crown lands, forests, water and mineral resources which are not recognized in these financial statements.

² Closing cost includes work-in-progress of \$96.1 million (2007 - \$30.2 million).

Revenue**Schedule 10**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | | 2007 |
|--|------------------|------------------|------------------|
| | Budget | Actual | Actual |
| Taxation | | | |
| Corporation capital | 430,700 | 430,604 | 513,458 |
| Corporation income | 460,000 | 673,641 | 554,001 |
| Fuel | 380,300 | 406,434 | 383,576 |
| Individual income | 1,685,000 | 1,938,258 | 1,668,538 |
| Sales | 874,500 | 995,995 | 1,079,794 |
| Tobacco | 178,300 | 190,412 | 190,334 |
| Other | 96,100 | 98,129 | 94,844 |
| Total Taxation | 4,104,900 | 4,733,473 | 4,484,545 |
| Non-renewable Resources | | | |
| Natural gas | 189,900 | 133,780 | 165,131 |
| Oil | 895,500 | 1,665,267 | 1,318,852 |
| Potash | 324,800 | 432,770 | 161,729 |
| Other | 105,200 | 93,299 | 48,540 |
| Total Non-renewable Resources | 1,515,400 | 2,325,116 | 1,694,252 |
| Transfers from Government Entities | | | |
| Crown Investments Corporation of Saskatchewan | 200,000 | 200,000 | 167,000 |
| Liquor and Gaming Authority | 350,700 | 399,531 | 370,053 |
| Other enterprises and funds | 46,100 | 53,623 | 50,043 |
| Total Transfers from Government Entities | 596,800 | 653,154 | 587,096 |
| Other Own-source Revenue | | | |
| Fines, forfeits, and penalties | 10,200 | 11,225 | 10,173 |
| Interest, premium, discount, and exchange | 75,300 | 101,969 | 96,062 |
| Motor vehicle fees | 134,900 | 140,631 | 138,908 |
| Other licences and permits | 34,600 | 35,927 | 36,787 |
| Sales, services, and service fees | 84,600 | 94,936 | 93,332 |
| Transfers from other governments | 17,100 | 15,107 | 17,368 |
| Commercial operations (schedule 11) | - | 78,664 | 69,575 |
| Other | 17,000 | 54,382 | 26,119 |
| Total Other Own-source Revenue | 373,700 | 532,841 | 488,324 |
| Total Own-source Revenue | 6,590,800 | 8,244,584 | 7,254,217 |
| Transfers from the Federal Government | | | |
| Canada Health Transfer | 760,700 | 739,648 | 716,775 |
| Canada Social Transfer | 337,900 | 325,098 | 323,599 |
| Equalization | - | 226,146 | 12,723 |
| Other | 179,900 | 311,669 | 335,732 |
| Total Transfers from the Federal Government | 1,278,500 | 1,602,561 | 1,388,829 |
| Total Revenue | 7,869,300 | 9,847,145 | 8,643,046 |

Commercial Operations

For the Year Ended March 31, 2008

(thousands of dollars)

Schedule 11

| | 2008 | | 2007 |
|--|---------------|---------------|---------------|
| | Budget | Actual | Actual |
| Commercial Operations Revenue¹ | | | |
| Recovery from external sources | | | |
| Government Services | 70,186 | 71,776 | 65,190 |
| Highways and Infrastructure | 4,000 | 7,105 | 4,659 |
| Information Technology Office | 79 | 65 | 89 |
| Recovery of overhead costs ² | | | |
| Highways and Infrastructure | - | (282) | (363) |
| Commercial Operations Revenue | 74,265 | 78,664 | 69,575 |
| Commercial Operations Expense | | | |
| Government Services | 70,186 | 70,312 | 63,248 |
| Highways and Infrastructure | 4,000 | 6,542 | 4,198 |
| Information Technology Office | 79 | 27 | 89 |
| Commercial Operations Expense | 74,265 | 76,881 | 67,535 |
| Net Results | | | |
| Government Services | - | 1,464 | 1,942 |
| Highways and Infrastructure | - | 281 | 98 |
| Information Technology Office | - | 38 | - |
| Net Results | - | 1,783 | 2,040 |

¹ With the approval of the Lieutenant Governor in Council, revenues from commercial type activities may be used to pay for the related costs without requiring an appropriation.

² Where a portion of the revenue collected relates to the recovery of overhead costs (e.g. employee benefit cost) paid for by another ministry, the revenue is included in sales, services and service fees.

Operating Expense by Theme**Schedule 12**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|------------------------------------|------------------|------------------|
| Agriculture | 302,197 | 370,918 |
| Community development | 319,957 | 267,262 |
| Economic development | 171,235 | 119,033 |
| Education | 1,562,319 | 1,605,807 |
| Environment and natural resources | 178,334 | 180,299 |
| Health | 3,504,333 | 3,202,965 |
| Protection of persons and property | 387,952 | 357,972 |
| Social services and assistance | 732,521 | 821,486 |
| Transportation | 387,961 | 345,306 |
| Other | 489,282 | 435,901 |
| Total Operating Expense | 8,036,091 | 7,706,949 |

Operating Expense by Object**Schedule 13**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|---|------------------|------------------|
| Personal services | 716,694 | 661,554 |
| Travel | 38,991 | 41,570 |
| Transfers | 6,329,810 | 6,140,480 |
| Goods and services | 495,698 | 472,595 |
| Amortization of tangible capital assets <i>(schedule 9)</i> | 146,621 | 141,657 |
| Other | 308,277 | 249,093 |
| Total Operating Expense | 8,036,091 | 7,706,949 |

Servicing Government Debt**Schedule 14**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|----------------|
| Total interest costs | 787,228 | 802,132 |
| Interest reimbursed from Crown corporations and others | (266,527) | (273,486) |
| Net foreign exchange loss | 1,598 | 2,787 |
| Other costs | 5,886 | 6,870 |
| Total Servicing Government Debt | 528,185 | 538,303 |

Non-cash Items Included in Surplus**Schedule 15**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|----------------|
| Amortization of tangible capital assets (schedule 9) | 146,621 | 141,657 |
| Net loss on disposal of tangible capital assets | 469 | 12,722 |
| Amortization of foreign exchange loss | 1,598 | 2,787 |
| Net loss on loans and investments | 8,665 | 544 |
| Write downs of tangible capital assets | 1,499 | 82 |
| Net gain on transfer of tangible capital assets | (1,163) | (908) |
| Earnings retained in sinking funds | (45,858) | (45,576) |
| Total Non-cash Items Included in Surplus | 111,831 | 111,308 |

Net Change in Non-cash Operating Activities**Schedule 16**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|-----------------|
| Increase in accounts receivable | (38,179) | (71,136) |
| Decrease in deferred charges | 3,099 | 17,047 |
| Increase in accounts payable and accrued liabilities | 269,190 | 44,669 |
| Increase in unearned revenue | 3,303 | 222 |
| Increase in prepaid expenses | (386) | (197) |
| Increase in inventories held for consumption | (10,643) | (7,842) |
| Net Change in Non-cash Operating Activities | 228,384 | (17,237) |

Investing Activities

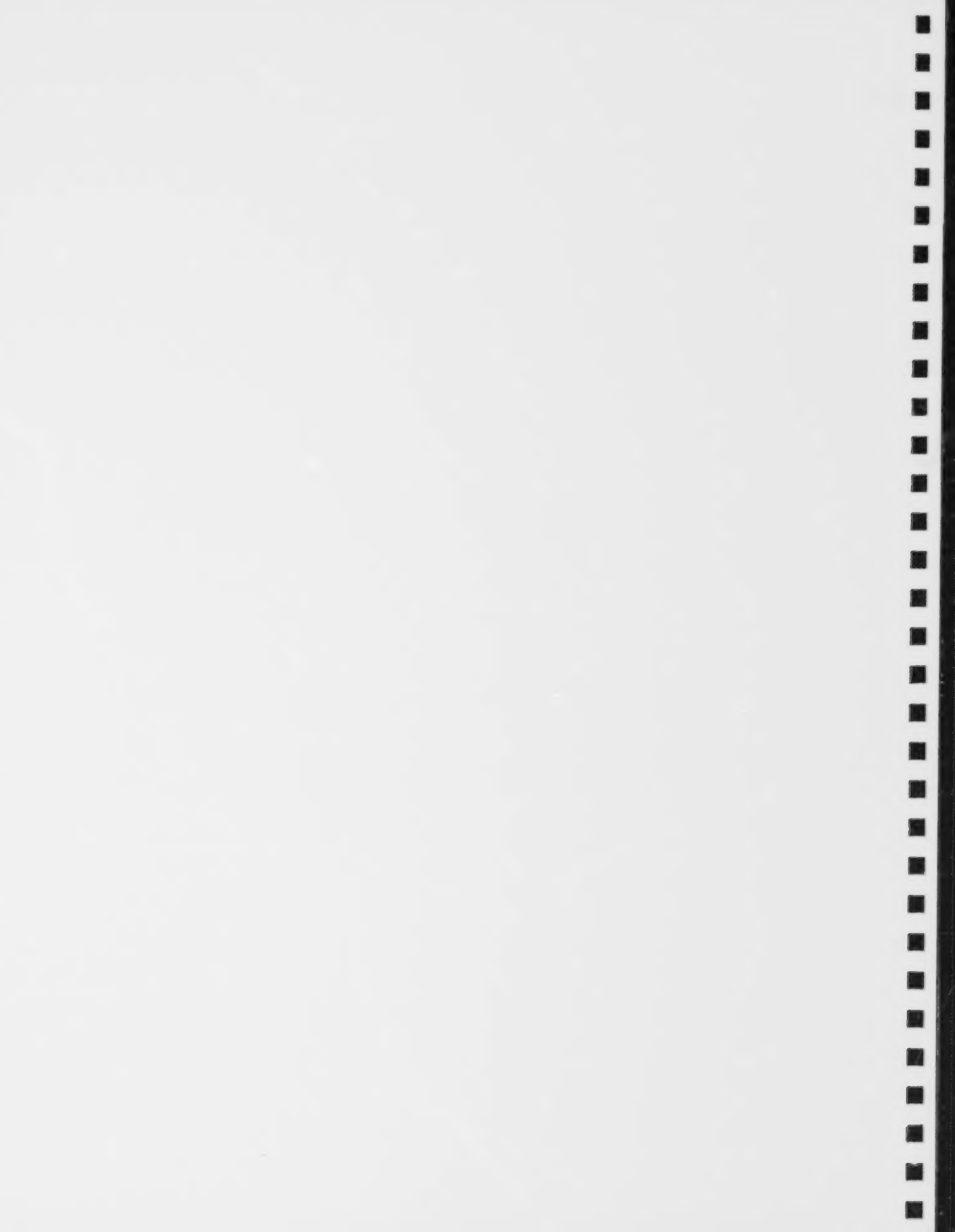
For the Year Ended March 31, 2008

(thousands of dollars)

Schedule 17

| | 2008 | | 2007 | |
|---|----------------|----------------|-----------------|----------------|
| | Receipts | Disbursements | Receipts | Disbursements |
| Loans | | | | |
| Information Services Corporation of Saskatchewan | 11,000 | - | 30,000 | 18,047 |
| Investment Saskatchewan Inc. | 7,000 | - | 10,000 | - |
| Municipal Financing Corporation of Saskatchewan | 4,946 | 8,900 | - | 8,975 |
| Saskatchewan Crop Insurance Corporation | 15,800 | - | 37,200 | - |
| Saskatchewan Opportunities Corporation | - | 13,844 | - | 15,000 |
| Saskatchewan Power Corporation | 330,725 | 165,000 | 31,809 | 100,000 |
| Saskatchewan Telecommunications Holding Corporation | 13,597 | - | 32,598 | - |
| Saskatchewan Water Corporation | 1,496 | 7,600 | 876 | 2,455 |
| SaskEnergy Incorporated | 80,000 | 119,491 | 32,681 | 1,100 |
| Other | 55,883 | 63,954 | 60,855 | 58,567 |
| Total Loan Receipts and Disbursements | 520,447 | 378,789 | 236,019 | 204,144 |
| Sinking Fund Contributions | 60,656 | 128,549 | 32,411 | 95,132 |
| Other | 4,021 | 34 | 1,509 | 20 |
| Total Receipts and Disbursements | 585,124 | 507,372 | 269,939 | 299,296 |
| Net Receipts (Disbursements) | 77,752 | | (29,357) | |

Summary Financial Statements



Responsibility for the Summary Financial Statements

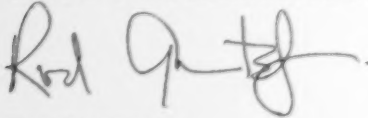
The Government is responsible for the Summary Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements in accordance with generally accepted accounting principles for the public sector, using the Government's best estimates and judgement when appropriate. He uses information from the accounts of the General Revenue Fund, Crown corporations and other government organizations to prepare these statements.

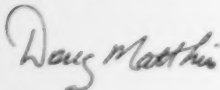
The Provincial Auditor expresses an independent opinion on these statements. His report, which appears on the following page, provides the scope of his audit and states his opinion.

Treasury Board approves the Summary Financial Statements. The statements are tabled in the Legislative Assembly as part of the Public Accounts and referred to the Standing Committee on Public Accounts for review.

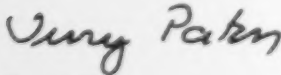
On behalf of the Government of the Province of Saskatchewan.



ROD GANTEFOER
Minister of Finance



DOUG MATTHIES
Deputy Minister of Finance



TERRY PATON
Provincial Comptroller

Regina, Saskatchewan
June 2008

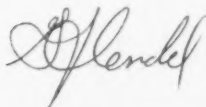
Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the summary statement of financial position of the Government of Saskatchewan as at March 31, 2008 and the summary statements of operations, accumulated deficit, change in net debt, and cash flow for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Government of Saskatchewan as at March 31, 2008 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



FRED WENDEL, CMA, CA
Provincial Auditor

Regina, Saskatchewan
June 6, 2008



Summary Statement of Financial Position

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|--------------------|--------------------|
| Financial Assets | | |
| Cash and temporary investments (note 2) | 3,695,270 | 2,215,210 |
| Accounts receivable (schedule 1) | 912,913 | 859,624 |
| Assets held for sale (schedule 2) | 132,279 | 138,445 |
| Deferred charges | 29,014 | 33,428 |
| Loans receivable (schedule 3) | 128,643 | 135,598 |
| Investment in government business enterprises (schedule 4) | 3,396,341 | 3,105,661 |
| Other investments (schedule 5) | 522,428 | 658,796 |
| Total Financial Assets | 8,816,888 | 7,146,762 |
| Liabilities | | |
| Accounts payable and accrued liabilities (schedule 6) | 1,770,007 | 1,739,152 |
| Other liabilities (schedule 7) | 321,693 | 217,883 |
| Unearned revenue (schedule 8) | 245,388 | 250,683 |
| Public debt (note 3)(schedule 9) | 7,155,944 | 7,585,288 |
| Unamortized foreign exchange gain (loss) on public debt | 606 | (12,573) |
| Pension liabilities (note 4)(schedule 12) | 5,087,807 | 4,684,467 |
| Total Liabilities | 14,581,445 | 14,464,900 |
| Net Debt | (5,764,557) | (7,318,138) |
| Non-financial Assets | | |
| Prepaid expenses | 30,412 | 25,828 |
| Inventories held for consumption | 108,585 | 96,241 |
| Tangible capital assets (schedule 13) | 4,407,494 | 4,112,977 |
| Total Non-financial Assets | 4,546,491 | 4,235,046 |
| Accumulated Deficit | (1,218,066) | (3,083,092) |

Contingencies (note 5)

Contractual obligations (note 6)

Guaranteed debt (note 5)(schedule 11)

The accompanying notes and schedules are an integral part of these financial statements.

Summary Statement of Operations

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|-------------------|------------------|
| Revenue | | |
| Taxation | 4,734,893 | 4,485,757 |
| Non-renewable resources | 2,325,116 | 1,694,252 |
| Other own-source revenue | 1,920,527 | 1,430,995 |
| Transfers from the federal government | 1,807,331 | 1,552,090 |
| Total Revenue (schedule 14) | 10,787,867 | 9,163,094 |
| Expense | | |
| Agriculture | 520,400 | 536,715 |
| Community development | 352,395 | 318,514 |
| Debt charges (schedule 15) | 818,589 | 816,675 |
| Economic development | 258,161 | 223,384 |
| Education | 1,787,008 | 1,691,705 |
| Environment and natural resources | 240,404 | 216,867 |
| Health | 3,650,982 | 3,345,167 |
| Protection of persons and property | 433,491 | 399,596 |
| Social services and assistance | 899,963 | 842,648 |
| Transportation | 413,330 | 368,436 |
| Other | 483,410 | 530,728 |
| Total Expense (schedule 16) | 9,858,133 | 9,290,435 |
| Surplus (deficit) from government service organizations | 929,734 | (127,341) |
| Income from government business enterprises (schedule 4) | 943,566 | 701,289 |
| Surplus (schedule 17) | 1,873,300 | 573,948 |

The accompanying notes and schedules are an integral part of these financial statements.

Summary Statement of Accumulated Deficit

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | | 2007 |
|--|--------------------|--------------------|--------------------|
| | Estimated | Actual | Actual |
| Accumulated deficit, beginning of year | (3,083,092) | (3,083,092) | (3,687,241) |
| Adjustment to accumulated deficit (note 10) | - | 121,086 | (26,946) |
| Surplus (deficit) | (701,257) | 1,873,300 | 573,948 |
| Other comprehensive (loss) income (schedule 4) | - | (129,360) | 57,147 |
| Accumulated Deficit, End of Year | (3,784,349) | (1,218,066) | (3,083,092) |

Summary Statement of Change in Net Debt

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | | 2007 |
|--|--------------------|--------------------|--------------------|
| | Estimated | Actual | Actual |
| Surplus (Deficit) | (701,257) | 1,873,300 | 573,948 |
| Tangible Capital Assets | | | |
| Acquisitions (schedule 13) | (536,275) | (548,131) | (450,575) |
| Amortization (schedule 13) | 311,950 | 316,641 | 285,385 |
| Increase in tangible capital assets (note 9) | - | (78,819) | - |
| Proceeds on disposal | - | 10,977 | 7,189 |
| Write downs (schedule 13) | - | 8,842 | 1,196 |
| Net (gain) loss on disposal (schedule 19) | - | (4,027) | 8,713 |
| Net Acquisition of Tangible Capital Assets | (224,325) | (294,517) | (148,092) |
| Other Non-financial Assets | | | |
| Net acquisition of prepaid expenses | - | (4,584) | (2,908) |
| Net acquisition of inventories held for consumption | - | (12,344) | (10,045) |
| Net Acquisition of Other Non-financial Assets | - | (16,928) | (12,953) |
| Decrease (increase) in net debt | (925,582) | 1,561,855 | 412,903 |
| Net debt, beginning of year | (7,318,138) | (7,318,138) | (7,761,242) |
| Adjustment to accumulated deficit (note 10) | - | 121,086 | (26,946) |
| Other comprehensive (loss) income (schedule 4) | - | (129,360) | 57,147 |
| Net Debt, End of Year | (8,243,720) | (5,764,557) | (7,318,138) |

Summary Statement of Cash Flow

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|------------------|------------------|
| Operating Activities | | |
| Surplus | 1,873,300 | 573,948 |
| Add (deduct) non-cash items | | |
| Income from government business enterprises (schedule 4) | (943,566) | (701,289) |
| Other non-cash items included in surplus (schedule 19) | (66,034) | 121,321 |
| Net change in non-cash operating activities (schedule 20) | 341,453 | 401,626 |
| Dividends received from government business enterprises (schedule 4) | 644,612 | 583,513 |
| Dividends received from other investments | 32,000 | 108,581 |
| Adjustment to accumulated deficit (note 10) | - | (10,887) |
| Cash Provided by Operating Activities | 1,881,765 | 1,076,813 |
| Capital Activities | | |
| Acquisition of tangible capital assets (schedule 13) | (548,131) | (450,575) |
| Increase in tangible capital assets (note 9) | (78,819) | - |
| Proceeds on disposal of tangible capital assets | 10,977 | 7,189 |
| Cash Used for Capital Activities | (615,973) | (443,386) |
| Investing Activities | | |
| Disposal of land held for resale | 4,448 | 950 |
| Decrease (increase) in other assets held for sale | 23,362 | (18,742) |
| Net decrease in loans receivable | 16,317 | 10,343 |
| Acquisition of other investments | (167,012) | (63,982) |
| Disposition of other investments | 560,925 | 39,942 |
| Decrease in other investments (note 9) | 41,810 | - |
| Contributions made to sinking funds (schedule 10) | (96,415) | (63,623) |
| Debt redemption funded from sinking funds (schedule 10) | - | 6,207 |
| Cash Provided by (Used for) Investing Activities | 383,435 | (88,905) |
| Financing Activities | | |
| Proceeds from public debt | 340,226 | 1,285,313 |
| Repayment of public debt | (659,682) | (1,235,855) |
| Increase in public debt (note 9) | 46,479 | - |
| Increase (decrease) in other liabilities | 103,810 | (24,884) |
| Cash (Used for) Provided by Financing Activities | (169,167) | 24,574 |
| Increase in cash and temporary investments | 1,480,060 | 569,096 |
| Cash and temporary investments, beginning of year | 2,215,210 | 1,646,114 |
| Cash and Temporary Investments, End of Year | 3,695,270 | 2,215,210 |

The accompanying notes and schedules are an integral part of these financial statements.

Notes to the Summary Financial Statements

As at March 31, 2008

1. Significant Accounting Policies

a) Basis of accounting

These Summary financial statements are prepared in accordance with generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Government reporting entity

The government reporting entity consists of organizations controlled by the Government. These government entities are segregated into two classifications. Entities that are self-sufficient and have the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as their principal activity are classified as *government business enterprises*. All other government entities are *government service organizations*.

A listing of the organizations included in the government reporting entity is provided in schedule 22. Unless otherwise noted, the financial activities of all subsidiaries of these organizations have also been included.

Trust funds are administered but not controlled by the Government and therefore are excluded from the government reporting entity.

c) Government partnerships

The Government has entered into various partnerships where there is a contractual arrangement between the Government and one or more partners outside the government reporting entity and where these partners share, on an equitable basis, the significant risks and benefits associated with operating the partnership. *Government business partnerships* are government partnerships that are self-sufficient and have the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as their principal activity.

At March 31, 2008, the Government no longer has an interest in government business partnerships.

d) Method of consolidation

Government service organizations are consolidated after adjustment to a basis consistent with the accounting policies described in note 1(e). Significant inter-organization balances and transactions are eliminated.

Government business enterprises are accounted for by the modified equity method. Using this method, the Government's investment in government business enterprises, which is initially recorded at cost, is adjusted annually to include the net earnings or losses and certain other net equity changes of the enterprise without adjustment to conform with the accounting policies described in note 1(e). With the exception of dividends declared by March 31, inter-organization balances and transactions are not eliminated.

Government partnerships are proportionately consolidated after adjustment to a basis consistent with the accounting policies described in note 1(e), and are disclosed in note 7. Significant inter-organization balances and transactions are eliminated.

Financial results of government organizations whose fiscal year-ends are other than March 31 are adjusted for transactions having a significant impact on these financial statements.

e) Specific accounting policies

Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Temporary investments are recorded at the lower of cost or market.

Notes to the Summary Financial Statements

1. Significant Accounting Policies *(continued)*

Assets held for sale include inventories and land held for resale, which are valued at the lower of cost and net realizable value. Other assets held for sale include assets that the Government has committed to, and has a plan for, selling in the next year.

Deferred charges include issue costs and net discounts or premiums incurred on the issue of debt and related derivative instruments. They are recorded at cost and amortized on a straight-line basis over the remaining life of the debt issue.

Loans receivable are initially recorded at cost. Where there has been a loss in value that is other than a temporary decline, the loan is written down to recognize the loss. Interest is recognized on the accrual basis except when collection is uncertain it is recorded on the cash basis.

Other investments are accounted for by various methods as described below and are written down to their fair value when there is evidence of a permanent decline in value.

Equities are investments in shares of private or public companies. Investments that are subject to significant influence but in which the Government has less than a controlling interest or in which the Government has shared control, as in government business partnerships, are accounted for by the modified equity method. Using this method, the Government's investment, which is initially recorded at cost, is adjusted annually for the Government's share of the investee's net earnings or losses and is reduced by dividends and partnership distributions received from these investments. Investments that are not subject to significant influence are recorded at cost, and dividends from these shares are recorded as income when receivable.

Pooled investment funds are recorded at market value.

All other investments are recorded at amortized cost.

Liabilities

Liabilities are present obligations to individuals and organizations outside the government reporting entity as a result of transactions and events occurring prior to year-end, which will be satisfied in the future through the transfer or use of assets or another form of economic settlement. They consist of obligations to provide authorized transfers where any eligibility criteria have been met, to repay borrowings, to pay for goods and services acquired prior to year-end and to deliver goods or services in the future where payment has been received.

Unearned revenue includes externally restricted funding from the federal government and other organizations.

Public debt of government service organizations is recorded at par, net of amounts issued on behalf of and reimbursable from government business enterprises.

Premiums, discounts and issue costs are recorded as deferred charges.

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. Premiums and discounts on long-term investments within these sinking funds are amortized on a constant yield basis.

Debt issues and sinking fund investments held in foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

Unamortized foreign exchange gain or loss on public debt includes unrealized foreign exchange gains and losses resulting from the conversion of debentures due and sinking funds held in a foreign currency to the Canadian dollar equivalent at the exchange rate in effect at March 31. Unrealized foreign exchange gains and losses are amortized on a straight-line basis over the remaining life of the debt issue. Realized foreign exchange gains and losses are included in the surplus or deficit.

Pension liabilities are calculated using the projected benefit method prorated on services, except as otherwise disclosed in note 4. Pension fund assets are valued at market related values. Changes in the pension liabilities that result from estimation adjustments due to experience gains and losses and changes in actuarial assumptions are amortized on a straight-line basis over the expected average remaining service life of the related employee group. Gains or losses resulting from plan amendments are recognized in the period of the plan amendment.

Notes to the Summary Financial Statements

1. Significant Accounting Policies *(continued)*

Guaranteed debt includes guarantees of the Government made through specific agreements or legislation to pay all or part of the principal or interest on a debt obligation in the event of default by the borrower. Loss provisions on guaranteed debt are recorded as a liability and expense when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of future payments net of recoveries.

Non-financial assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead are normally employed to deliver government services, may be consumed in the normal course of operations and are not for sale in the normal course of operations.

Inventories held for consumption are recorded at cost and are expensed as they are consumed.

Tangible capital assets are recorded at cost and include all amounts directly attributable to the acquisition, construction, development or betterment of the asset. Tangible capital assets are generally amortized on a straight-line basis over the estimated useful life of each asset.

Revenue

Revenues are recorded on the accrual basis. For corporate and individual income taxes, cash received from the federal government is used as the basis for estimating the tax revenue. Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

Expense

Expenses are recorded on the accrual basis. Government transfers are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met.

f) Measurement uncertainty

Uncertainty in the determination of the amount at which an item is recognized or disclosed in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Measurement uncertainty that may be material to these financial statements exists:

- in corporate and individual income taxes because final tax assessments may differ from initial estimates on which cash payments are based;
- in the accrual of pension, environmental and insurance claims obligations because actual experience may differ significantly from actuarial or historical estimations and assumptions;
- in the accrual of unbilled utility revenue because actual usage may differ from estimated usage;
- in the accrual of oil and natural gas resource royalties because of price and production sensitivities in the royalty structures; and
- in the accrual of the federal government's Canada Health Transfer and Canada Social Transfer payments because of changes in economic and demographic conditions in the Province and the country.

While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require a material change in the amounts recognized or disclosed.

2. Temporary Investments

Temporary investments are recorded at \$3,154.1 million (2007 - \$1,989.3 million) and are for less than one year. Due to their short-term nature, market value approximates cost.

Notes to the Summary Financial Statements

3. Risk Management of Public Debt

The Government borrows funds in both domestic and foreign capital markets by issuing Government of Saskatchewan securities. As a result, the Government is exposed to four types of risk: interest rate risk, foreign exchange rate risk, credit risk and liquidity risk.

To manage these risks, the Government maintains a preference for fixed rate Canadian dollar denominated debt. Where market conditions dictate that other forms of debt are more attractive, the Government seeks opportunities to use derivative financial instruments to reduce these risks. A derivative financial instrument is a contract whose value is based on the value of another asset or index.

Interest rate risk is the risk that the Government's debt charges will increase due to changes in interest rates. This risk is managed by issuing debt securities at predominantly fixed rates of interest rather than at floating rates of interest.

Floating rate debt is defined as the sum of floating rate debentures, short-term promissory notes, fixed rate debt maturing within one year and Saskatchewan Savings Bonds. The Government seeks opportunities to effectively convert floating rate debt into fixed rate debt through the use of interest rate swaps. The Government has interest rate swaps on a notional value of debt of \$80.1 million (2007 - \$70.6 million). At March 31, 2008, 88.6 per cent (2007 - 88.6 per cent) of the Government's gross debt effectively carried a rate of interest that was fixed for greater than a one-year period.

Public debt includes floating rate debt of \$1,355.5 million (2007 - \$1,402.1 million). A one percentage point increase in interest rates would decrease the surplus by \$13.5 million in 2008-09.

Foreign exchange rate risk is the risk that the Government's debt charges will increase due to a decline in the value of the Canadian dollar relative to other currencies. This risk is managed by maintaining a preference for issuing debt that is denominated in Canadian dollars. Where debt has been issued in foreign currencies, the Government seeks opportunities to effectively convert it into Canadian dollar debt through the use of cross currency swaps and foreign currency forward exchange contracts. At March 31, 2008, 97.3 per cent (2007 - 97.4 per cent) of the Government's gross debt is effectively denominated in Canadian dollars.

The following foreign-denominated items have been hedged to Canadian dollars using cross currency swaps:

- debentures totalling 1,225.0 million U.S. dollars (2007 - 1,419.0 million) fully hedged to \$1,619.3 million Canadian (2007 - \$1,882.3 million);
- debentures totalling 300.0 million Swiss francs (2007 - 300.0 million) fully hedged to \$274.7 million Canadian (2007 - \$274.7 million); and
- interest payments on debentures of 275.0 million U.S. dollars (2007 - 275.0 million) hedged to Canadian dollars at an exchange rate of 1.2325 (2007 - 1.2325).

In total, the Government has cross currency swaps on a notional value of debt of \$2,507.5 million (2007 - \$2,770.5 million). The effectiveness of these hedges is assessed on an ongoing basis by monitoring the credit ratings of the counterparties to the hedges.

Credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. This risk is managed by dealing only with counterparties that have good credit ratings and by establishing limits on individual counterparty exposures and monitoring those exposures on a regular basis. At March 31, 2008, 100 per cent (2007 - 100 per cent) of the Government's counterparties held a Standard and Poor's credit rating of A or better.

Liquidity risk is the risk that the Government will not be able to meet its financial commitments over the short-term. This risk is managed by distributing debt maturities over many years, maintaining sinking funds on long-term debt issues and maintaining adequate cash reserves and short-term borrowing programs as contingent sources of liquidity.

4. Retirement Benefits

The Government sponsors several defined benefit and defined contribution pension plans. The Government also participates in a joint defined benefit pension plan.

Defined benefit plans provide benefits based on length of service and pensionable earnings. A typical defined benefit plan provides pensions equal to 2.0 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

Notes to the Summary Financial Statements

4. Retirement Benefits *(continued)*

Actuarial valuations are performed at least triennially. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. Estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on the actual market values averaged over a four year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

Joint defined benefit plans are governed by a formal agreement between the joint sponsors (i.e., employer and plan members), which establishes that the joint sponsors have shared control over the plan. Funding contributions are shared mutually between the employer and plan members. The sponsors share, on an equitable basis, the significant risks of each plan. Accordingly, the Government accounts for only its portion of the plan. Plan assets and surpluses are restricted for member benefits or certain other purposes set out in the agreement. Plan benefits are determined on the same basis as defined benefit plans.

The accrued benefit obligation is determined using the projected accrued benefit actuarial cost method. Pension fund assets are valued at market related values by averaging the difference between the net investment income on a market value basis and the expected investment income determined by the actuary, over a five year period.

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary. The Government provides contributions at specified rates for employee current service.

Pension fund assets of government sponsored defined benefit and defined contribution plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

Government Service Organizations

a) Defined benefit plans and joint defined benefit plan

The two main defined benefit plans are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan (STC), Anti-TB League Employees Superannuation Plan (ATB) and the Saskatchewan Pension Annuity Fund, an annuity underwriting operation. Defined benefits are also payable to members of the former Members of the Legislative Assembly Superannuation Fund (MLA).

The Government is required to match member current service contributions for all plans except the PSSP and Judges. Separate pension funds are maintained for all plans except the PSSP and the MLA, for which member contributions are received and pension obligations are paid directly by the Government.

The Government also participates in the Saskatchewan Healthcare Employees' Pension Plan (SHEPP), a joint defined benefit plan for employees of the Regional Health Authorities. The Government contributes to the plan at the ratio of 1.12 to 1 of employee contributions. Any actuarially determined deficiency is the responsibility of participating employers and employees in the ratio of 1.12 to 1. The Government's participating employer contributions for the SHEPP represents approximately 92 per cent of the total employer contributions to the plan.

Notes to the Summary Financial Statements

4. Retirement Benefits (continued)

Information on the defined benefit plans and the joint defined benefit plan of government service organizations is as follows:

| | 2008 | | | | | 2007 |
|---|------------|------------------------|------------------------|------------------------|--------|--------|
| | TSP | PSSP | Others | SHEPP | Total | Total |
| Plan status | closed | closed | closed ¹ | open | n/a | n/a |
| Member contribution rate (percentage of salary) | 7.85 | 7.00-9.00 ² | 5.00-9.00 ² | 5.85-7.35 ² | n/a | n/a |
| Number of active members | 2,671 | 1,147 | 61 | 31,430 | 35,309 | 35,145 |
| Average age of active members (years) | 54.6 | 55.4 | 57.2 | 45.3 | 46.4 | 46.0 |
| Number of former members entitled to deferred pension benefits | 4,873 | 109 | 11 | 1,433 | 6,426 | 6,481 |
| Number of superannuates and surviving spouses | 10,872 | 5,721 | 2,353 | 9,437 | 28,383 | 27,542 |
| Actuarial valuation date | June 30/07 | Dec. 31/05 | Various | Dec. 31/04 | n/a | n/a |
| Long-term assumptions used | | | | | | |
| Rate of compensation increase (percentage) | 3.50 | 3.50 | 3.50 | 3.75 | n/a | n/a |
| Expected rate of return on plan assets (percentage) | 6.90 | n/a | 4.75-6.00 | 6.50 | n/a | n/a |
| Discount rate (percentage) | 5.00 | 4.75 | 4.25-5.00 | 6.50 | n/a | n/a |
| Inflation rate (percentage) | 2.50 | 2.50 | 2.50 | 2.75 | n/a | n/a |
| Expected average remaining service life (years) | 3.7 | 3.9 | 0-10 | 11.9 | n/a | n/a |
| Post-retirement index (percentage of annual increase in Consumer Price Index) | 80 | 70 | Various | Ad hoc | n/a | n/a |

¹ Judges is open to new membership; all other plans are closed.

² Contribution rate varies based on age upon joining the plan.

b) Defined contribution plans

The two main multi-employer defined contribution plans sponsored by the Government are the Public Employees Pension Plan (PEPP) and the Capital Pension Plan (Capital). The Government provides contributions to the plans at specified rates for employee current service. The Government also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation and to the Regina Civic Employees' Superannuation and Benefit Plan (RCESP). The Government has fully funded its share of contributions to the defined contribution plans.

Information on the defined contribution plans of government service organizations is as follows:

| | 2008 | | | | | 2007 |
|--|----------------------|-----------|--------------------|-------------------|---------|--------|
| | Government Sponsored | | | | | Total |
| | PEPP | Capital | RCESP ¹ | STRP ² | Total | Total |
| Plan status | open | open | open | n/a | n/a | n/a |
| Member contribution rate (percentage of salary) ³ | 5.00-8.00 | 5.00-7.00 | 8.85-13.11 | n/a | n/a | n/a |
| Government contribution rate (percentage of salary) ³ | 5.00-8.00 | 5.50-7.00 | 8.85-13.11 | n/a | n/a | n/a |
| Government service organization participation | | | | | | |
| Number of active members | 20,806 | 731 | 1,413 | n/a | 22,950 | 22,275 |
| Member contributions (thousands of dollars) | 59,937 | 2,241 | 7,644 | n/a | 69,822 | 62,247 |
| Government contributions (thousands of dollars) | 63,398 | 2,722 | 7,855 | 42,052 | 116,027 | 97,389 |

¹ Certain employees of a Regional Health Authority participate in the RCESP, a multi-employer defined benefit plan. All costs, including costs of any actuarially determined deficiency, are equally shared by the employees and employers. At December 31, 2007, audited financial statements for the plan reported an accrued benefit obligation of \$797.9 million (2006 - \$768.1 million) and pension fund assets at market value of \$843.8 million (2006 - \$825.2 million).

² The STRP is a contributory defined benefit pension plan. The Government contributes an amount which is set through provincial negotiations.

³ Contribution rate varies based on employee group.

Notes to the Summary Financial Statements

4. Retirement Benefits (continued)

c) Pension expense

Pension expense for government service organizations is primarily allocated to education expense, health expense and other expense. Pension interest expense is included in debt charges. The total pension expense of government service organizations includes the following:

| (thousands of dollars) | 2008 | 2007 |
|--|----------|----------|
| Defined benefit plans | | |
| Current period benefit cost | 74,751 | 81,889 |
| Plan amendment ¹ | - | 90,433 |
| Amortization of estimation adjustments | 246,305 | 218,988 |
| Employee contributions | (19,061) | (21,456) |
| Plan expenses | 4,234 | 4,502 |
| Cost of financing unfunded pension obligation (pension interest expense) | 264,165 | 259,885 |
| Total pension expense, defined benefit plans | 570,394 | 634,241 |
| Other plans | | |
| Total pension expense, joint defined benefit plan | 46,598 | 28,389 |
| Total pension expense, defined contribution plans | 116,027 | 97,389 |
| Total Pension Expense | 733,019 | 760,019 |

¹ During 2006-07, the Government approved a plan amendment to provide guaranteed indexing of pensions for members of the PSSP, Judges, STC, ATB, and MLA at 70 per cent of the annual change in the Consumer Price Index. Previously, the Government provided ad hoc indexing to members of these plans.

Government Business Enterprises

a) Defined benefit plans

There are additional employee pension plans of government business enterprises which are accounted for in the investment in government business enterprises. The two main defined benefit plans of government business enterprises are the Power Corporation Superannuation Plan (SaskPower) and the Saskatchewan Telecommunications Pension Plan (SaskTel). Other plans include the Saskatchewan Government Insurance Superannuation Plan, the Liquor Board Superannuation Plan, and the Pension Plan for Employees of the Saskatchewan Workers' Compensation Board.

The Government contributes the amount necessary to fund the payment of pension benefits.

Information on the defined benefit plans of government business enterprises is as follows:

| | 2008 | | | | 2007 |
|---|-------------|------------|-----------|---------|---------|
| | SaskPower | SaskTel | Others | Total | Total |
| Plan status | closed | closed | closed | n/a | n/a |
| Number of active members | 461 | 243 | 54 | 798 | 980 |
| Number of former members, superannuates and surviving spouses | 1,735 | 2,007 | 435 | 4,177 | 4,080 |
| Member contributions (thousands of dollars) | 1,663 | 1,186 | 651 | 3,500 | 3,685 |
| Government contributions (thousands of dollars) | 465 | 40,305 | 846 | 41,616 | 37,013 |
| Benefits paid (thousands of dollars) | 42,767 | 59,489 | 8,674 | 110,930 | 104,364 |
| Actuarial valuation date | Sept. 30/07 | Dec. 31/06 | Various | n/a | n/a |
| Long-term assumptions used | | | | | |
| Rate of compensation increase (percentage) | 3.50 | 3.00 | 3.25-3.50 | n/a | n/a |
| Expected rate of return on plan assets (percentage) | 6.75 | 6.75 | 5.25-6.25 | n/a | n/a |
| Discount rate (percentage) | 5.75 | 5.50 | 5.25-5.50 | n/a | n/a |
| Inflation rate (percentage) | 2.50 | 2.50 | 2.25-2.50 | n/a | n/a |
| Post-retirement index (percentage of annual increase in Consumer Price Index) | 70 | 100 | 50-70 | n/a | n/a |

Notes to the Summary Financial Statements

4. Retirement Benefits *(continued)*

Based on the latest actuarial valuation for SaskPower at September 30, 2007 and extrapolations for other plans to December 31, 2007, the present value of accrued pension benefits and the market value of pension fund assets are shown in the table below:

| (thousands of dollars) | 2008 | | | | 2007 |
|----------------------------------|-----------|-----------|---------|-----------|-----------|
| | SaskPower | SaskTel | Others | Total | Total |
| Accrued benefit obligation | 826,941 | 1,015,444 | 128,032 | 1,970,417 | 2,018,848 |
| Fair value of plan assets | 835,906 | 1,044,655 | 96,544 | 1,977,105 | 1,898,567 |
| Plan (Surplus) Deficit | (8,965) | (29,211) | 31,488 | (6,688) | 120,281 |
| Unamortized amounts ¹ | (19,043) | (31,550) | (2,373) | (52,966) | (176,531) |
| Valuation allowance | - | - | 964 | 964 | - |
| Pension (Surplus) Liabilities | (28,008) | (60,761) | 30,079 | (58,690) | (56,250) |

¹ Includes unamortized transitional assets, unamortized actuarial gains (losses) and unamortized past service costs. SaskTel's amounts are amortized against the plan surplus over the average remaining life of retired members of 22 years. SaskPower and the other plans' amounts are amortized against the plan (surplus) deficit over periods ranging from 2.86 to 4 years, which is the expected average remaining service life of active plan members at the time the amounts arose.

At December 31, 2007, 31.4 per cent (2006 - 31.4 per cent) of pension plan assets were invested in fixed income securities and 57.7 per cent (2006 - 60.2 per cent) in equity investments.

b) Defined contribution plans

Information on the defined contribution plans of government business enterprises is as follows:

| | 2008 | | | 2007 |
|--|-----------|-----------|--------|--------|
| | PEPP | Capital | Total | Total |
| Plan status | open | open | n/a | n/a |
| Member contribution rate (percentage of salary) ¹ | 4.00-7.00 | 4.00-5.50 | n/a | n/a |
| Government contribution rate (percentage of salary) ¹ | 5.80-7.00 | 5.50-6.00 | n/a | n/a |
| Government business enterprise participation | | | | |
| Number of active members | 9,687 | 2,652 | 12,339 | 11,716 |
| Government contributions (thousands of dollars) | 34,464 | 6,693 | 41,157 | 35,281 |

¹ Contribution rate varies based on employee group.

c) Pension expense

Pension expense and pension interest expense for government business enterprises are included in income from government business enterprises. The pension expense is \$40.0 million (2007 - \$40.7 million) for the defined benefit plans and \$41.2 million (2007 - \$35.3 million) for the defined contribution plans.

d) Other future benefit plans

Other future benefit plans of government business enterprises include a defined benefit severance plan, a supplementary superannuation plan, two defined benefit service recognition plans, a defined benefit retiring allowance plan, and a voluntary early retirement plan. The accrued benefit liability is \$84.0 million (2007 - \$77.8 million), and the benefit expense is \$20.3 million (2007 - \$17.3 million).

Notes to the Summary Financial Statements

5. Contingencies

Guaranteed debt

The Government has guaranteed the debt of others of \$33.4 million (2007 - \$62.6 million). Schedule 11 provides a listing of guaranteed debt.

Lawsuits

Up to \$35 million may be paid depending on the outcome of lawsuits in progress.

Other

In 2007-08, the Government issued a \$35.3 million letter of credit as security for outstanding insurance claims. An estimate of \$14.2 million has been recorded as the likely cost related to this letter of credit.

6. Contractual Obligations

Significant contractual obligations include:

- forward purchase agreements of \$1,636.2 million for future minimum coal deliveries valued at current prices over the next 16 years, and approximately \$5,634.5 million for power over the next 20 years;
- contracts for the construction and acquisition of tangible capital assets of \$804.1 million;
- capital grant projects of \$173.7 million over the next 15 years;
- agreements to provide housing subsidies and transfers of \$139.9 million over the next five years;
- agreements to provide loss of income subsidies to previous purveyors of gaming services of \$59.3 million over the next 20 years;
- agreements for the renewal of the Government's fire suppression aerial fleet of \$47.7 million over the next three years;
- computer service agreements of \$46.9 million over the next four years;
- investment management fees of \$19.3 million over the next 12 years;
- treaty land entitlement agreements valued at approximately \$14.4 million over the next five years, and rural municipality and school division tax loss compensation of approximately \$10.6 million as land achieves reserve status over the course of the agreements;
- research and development projects for agriculture technology and opportunities in the agri-food industry of \$14.1 million over the next five years;
- agreements to provide beverage container collection and recycling fees of \$13.9 million;
- projects to expand innovation and enhance the competitive ability of the Saskatchewan economy of \$10.2 million over the next three years;
- other contractual obligations of \$44.5 million, which consist of \$36.4 million for government service organizations and \$8.1 million for government business enterprises; and
- operating and capital lease obligations as follows:

| <i>(thousands of dollars)</i> | Operating ¹ | Capital ² |
|--------------------------------|------------------------|----------------------|
| Future minimum lease payments | | |
| 2008-09 | 75,763 | 18,374 |
| 2009-10 | 64,908 | 14,654 |
| 2010-11 | 55,391 | 14,087 |
| 2011-12 | 33,263 | 11,887 |
| 2012-13 | 27,535 | 7,299 |
| Thereafter | 45,237 | 25,903 |
| | 302,097 | 92,204 |
| Interest and executory costs | - | (39,365) |
| Total Lease Obligations | 302,097 | 52,839 |

¹ Total operating lease obligations include \$170.5 million for government service organizations and \$131.6 million for government business enterprises.

² Total capital lease obligations include \$45.0 million for government service organizations (schedule 7) and \$7.8 million for government business enterprises.

Notes to the Summary Financial Statements

7. Government Partnerships

The Government has entered into various contractual arrangements with parties outside the government reporting entity that result in shared control of certain organizations. The Government's holdings in government partnerships include:

- a 60 per cent interest in Apex Investment Limited Partnership, which invests in a variety of industries in the prairie region of Canada;
- a 50 per cent interest in Meadow Lake Pulp Limited Partnership (MLPLP), which operated a pulp mill near Meadow Lake;
- a 45.5 per cent interest in Saskatchewan Entrepreneurial Fund Inc., which assists with the development and growth of small business in the province;
- a 33.3 per cent interest in Foragen Technologies Limited Partnership (Foragen), a venture capital fund which provides seed capital to technology corporations; and
- shared control of Prairie Diagnostic Services Inc., which provides veterinary diagnostic services to veterinary and livestock industries in the province.

In 2006-07, the Government began to divest of its interest in MLPLP. The remaining assets of MLPLP were sold during 2007-08 and it was placed into receivership. The Government continues to hold its partnership interest in MLPLP and is awaiting receipt of MLPLP's net assets upon distribution by the receiver. MLPLP is expected to be wound up during 2008-09.

During 2007-08, the Government determined that its 33.3 per cent interest in Foragen no longer meets the definition of a government business partnership. It is more appropriately reported as a government partnership and accordingly is now proportionately consolidated. Comparative figures, in which the Government's investment in Foragen was accounted for by the modified equity method, have not been restated. The financial impact of this reclassification from other investments is not significant to these financial statements.

The Government's pro-rata share of its government partnerships is as follows:

| (thousands of dollars) | 2008 | 2007 ¹ |
|--|----------|-------------------|
| Financial assets | 32,026 | - |
| Liabilities | 7,175 | - |
| Net assets | 24,851 | - |
| Non-financial assets | 1,030 | - |
| Accumulated surplus | 25,881 | - |
| Revenue | 33,630 | 89,378 |
| Expense | 31,848 | 94,523 |
| Surplus (deficit) | 1,782 | (5,145) |
| Recovery of partnership interest | 1,165 | 24,584 |
| Accumulated partnership earnings, beginning of year | 21,439 | 2,000 |
| Decrease in accumulated partnership earnings, beginning of year ² | (17,309) | - |
| Accumulated partnership earnings, end of year | 7,077 | 21,439 |
| Equity advances from government organizations ³ | 18,804 | - |
| Transferred to assets held for sale ¹ | - | (21,439) |
| Accumulated surplus | 25,881 | - |

¹ At March 31, 2007, the Government's interest in government partnerships was classified as assets held for sale (schedule 2).

² The decrease in accumulated partnership earnings, beginning of year consists of \$9.3 million reclassified from other investments and proceeds of \$8.0 million on the disposition of assets held for sale.

³ Equity advances from government organizations of \$12.4 million have been reclassified from other investments.

Notes to the Summary Financial Statements

8. Trust Funds

Trust fund assets held and administered by the Government are as follows:

| (thousands of dollars) | 2008 | 2007 (Restated) |
|---|------------|--------------------|
| Pension plans | 10,911,540 | 10,757,922 |
| Public Guardian and Trustee of Saskatchewan | 154,451 | 154,479 |
| Other | 211,041 | 212,983 |
| Total Trust Fund Assets ¹ | 11,277,032 | 11,125,384 |

¹ Amounts are based on the latest financial statements of the funds closest to March 31, 2008, where available.

9. Accounting Change

During 2007-08, the Government acquired a controlling interest in Big Sky Farms Inc. (Big Sky) and, accordingly, has proportionately consolidated its 62.9 per cent ownership interest through Big Sky's parent company, Investment Saskatchewan Inc. Comparative figures, in which the Government classified its interest in Big Sky as other investments, as disclosed in schedule 5, have not been restated.

The net effect of this accounting change is as follows:

| | |
|--------------------------------|-----------|
| (thousands of dollars) | |
| Financial assets | |
| Other investments ¹ | (41,810) |
| Other financial assets | 6,963 |
| Liabilities | |
| Public debt | 46,479 |
| Other liabilities | 19,965 |
| Net debt | (101,291) |
| Non-financial assets | |
| Tangible capital assets | 78,819 |
| Other non-financial assets | 22,472 |
| Accumulated deficit | - |

¹ Represents the Government's \$29.3 million investment in Big Sky at March 31, 2007 adjusted to the date of acquisition.

10. Adjustment to Accumulated Deficit

During 2007-08, adjustments of \$121.1 million were made to the accumulated deficit. Various government business enterprises adopted new standards of accounting for financial instruments recommended by the Canadian Institute of Chartered Accountants, resulting in an increase in investment in government business enterprises of \$121.1 million and a corresponding decrease in the accumulated deficit. The comparative figures have not been restated.

During 2006-07, adjustments of \$26.9 million were made to the accumulated deficit. The Government determined that one of its employee benefit plans should no longer be included in the government reporting entity, but rather be disclosed as a trust administered by the Government. As a result, the Government recorded an \$11.2 million decrease in financial assets, a \$0.3 million decrease in financial liabilities and a corresponding \$10.9 million increase in the accumulated deficit. Additionally, a government business enterprise recorded a prior period adjustment related to an error in its actuarial valuation performed in the prior year. As a result, the Government recorded a \$16.0 million decrease in investment in government business enterprises, and a corresponding increase in the accumulated deficit.

11. Comparative Figures

Certain 2007 comparative figures have been reclassified to conform with the current year's presentation.

Accounts Receivable**Schedule 1**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|---------------------------------------|----------------|----------------|
| Taxation | 202,195 | 200,564 |
| Non-renewable resources | 220,633 | 182,342 |
| Other own-source revenue | 465,290 | 437,210 |
| Transfers from the federal government | 101,577 | 123,455 |
| | 989,695 | 943,571 |
| Provision for loss | (76,782) | (83,947) |
| Total Accounts Receivable | 912,913 | 859,624 |

Assets Held for Sale**Schedule 2**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|---|----------------|----------------|
| Land held for resale ¹ | 108,793 | 113,241 |
| Inventories held for resale | 23,486 | 1,842 |
| Other assets held for sale | | |
| Meadow Lake Pulp Limited Partnership (note 7) | - | 13,439 |
| Centennial Foods | - | 9,923 |
| Total Assets Held for Sale | 132,279 | 138,445 |

¹ The estimated net realizable value of the Government's land held for resale is \$230.0 million (2007 - \$216.9 million).

Loans Receivable**Schedule 3**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|-------------------------------|----------------|----------------|
| Student loans | 135,416 | 137,115 |
| Agricultural loans | 43,541 | 45,737 |
| Other | 25,330 | 37,752 |
| | 204,287 | 220,604 |
| Provision for loss | (75,644) | (85,006) |
| Total Loans Receivable | 128,643 | 135,598 |

Student Loans

The program operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. Loans are interest-free until the discontinuance of full-time studies or graduation. Interest rates are prescribed by the Government. Student bursaries, study grants and other varieties of loan forgiveness are available to students who meet specific criteria.

The administration and delivery of the federal and provincial student loans programs is integrated. The Government approves applications for both provincial and federal loans, external agencies are contracted to disburse, administer and collect loans, and the federal government is responsible for collection of loans in default.

Student loans approved between August 1996 and July 2001 are lender-financed, disbursed, managed and collected by a bank. The Government retained responsibility for loan approval during this period, and pays a risk premium of 5.0 per cent to the bank when loans become repayable.

A loss provision of \$50.5 million (2007 - \$51.4 million) has been recorded on these loans.

Agricultural Loans*Capital loan program*

The Government holds \$23.1 million (2007 - \$28.3 million) in loans under the Capital loan program. These loans are repayable over terms not exceeding 25 years and bear interest at rates between 5.0 and 13.5 per cent (2007 - 5.0 and 13.5 per cent). Security on individual loans varies and may include mortgages on real property, security agreements and guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*. A loss provision of \$4.6 million (2007 - \$7.3 million) has been recorded on these loans.

Other agricultural loans

The Government holds \$20.4 million (2007 - \$17.4 million) in loans under various other agricultural loan programs. The interest on these loans ranges from 1.9 to 10.5 per cent (2007 - 5.0 to 10.5 per cent). Generally, the loans are secured by promissory notes and, where applicable, by guarantees or general security arrangements. A loss provision of \$15.0 million (2007 - \$11.3 million) has been recorded on these loans.

Other

The Government's loan portfolio also consists of numerous other loans at various interest rates with maturities not exceeding 15 years. Security on the loans may include promissory notes or charges against residential property. A loss provision of \$5.5 million (2007 - \$15.0 million) has been recorded on these loans.

Investment in Government Business Enterprises

As at March 31, 2008

(thousands of dollars)

| | SaskEnergy | SaskPower | SaskTel | SGI | Auto Fund ¹ |
|---|------------------|------------------|------------------|----------------|------------------------|
| Assets | | | | | |
| Cash and temporary investments | | | | | |
| Due from government organizations | - | - | - | - | - |
| Other | 2,364 | 83,598 | 12,046 | 34,994 | 30,949 |
| Accounts receivable | 131,214 | 187,721 | 105,340 | 88,372 | 139,337 |
| Inventories | 197,995 | 144,990 | 10,662 | - | - |
| Prepaid expenses | | | | | |
| Paid to government organizations | - | - | - | 7,072 | 12,663 |
| Other | - | 5,292 | 22,302 | 78,961 | 12,521 |
| Long-term investments | | | | | |
| In government organizations | - | - | - | 5,646 | 8,559 |
| Other | 24,181 | 32,135 | 2,179 | 477,092 | 1,120,923 |
| Capital assets | 977,975 | 3,734,240 | 967,096 | 10,154 | 46,754 |
| Sinking funds (schedule 9) | 42,680 | 237,563 | 56,408 | - | - |
| Other assets | 34,982 | 52,386 | 120,455 | 4,878 | - |
| Total Assets | 1,411,391 | 4,477,925 | 1,296,488 | 707,169 | 1,371,706 |
| Liabilities | | | | | |
| Accounts payable and accrued liabilities | | | | | |
| Due to government organizations | 12,077 | 65,353 | - | 24,327 | 28,078 |
| Other | 128,831 | 157,797 | 131,606 | 16,941 | 18,704 |
| Dividends payable to government organizations | 6,766 | 30,611 | 7,500 | 10,535 | - |
| Gross debt (schedule 9) | | | | | |
| Owing to government organizations | 790,185 | 2,478,825 | 344,965 | - | - |
| Other | 6,715 | 86,781 | 7,410 | - | - |
| Unearned revenue | 3,487 | - | 62,347 | 179,053 | 260,538 |
| Unpaid insurance claims | - | - | - | 285,567 | 824,086 |
| Other liabilities | 17,967 | 144,122 | - | 1,709 | - |
| Total Liabilities | 966,028 | 2,963,489 | 553,828 | 518,132 | 1,131,406 |
| Net Assets | 445,363 | 1,514,436 | 742,660 | 189,037 | 240,300 |
| Revenue | | | | | |
| From government organizations | 24,581 | 43,464 | 70,453 | - | 4,539 |
| Other | 1,145,953 | 1,543,929 | 1,000,115 | 342,285 | 664,666 |
| Total Revenue | 1,170,534 | 1,587,393 | 1,070,568 | 342,285 | 669,205 |
| Expense | | | | | |
| Paid and owing to government organizations | 62,331 | 263,348 | 79,649 | 21,193 | 44,579 |
| Other | 1,020,057 | 1,185,777 | 906,800 | 287,531 | 592,623 |
| Total Expense² | 1,082,388 | 1,449,125 | 986,449 | 308,724 | 637,202 |
| Income (loss) before non-recurring items | 88,146 | 138,268 | 84,119 | 33,561 | 32,003 |
| Non-recurring items ³ | - | - | - | 1,532 | (99,308) |
| Net Income (Loss) | 88,146 | 138,268 | 84,119 | 35,093 | (67,305) |
| Retained earnings, beginning of year | 342,535 | 808,280 | 437,570 | 81,599 | 239,305 |
| Effect of prior period adjustment (note 10) | 1,523 | 3,469 | 971 | 146 | - |
| Dividends to government organizations | (53,000) | (97,009) | (30,000) | (22,810) | - |
| Retained earnings, end of year | 379,204 | 853,008 | 492,660 | 94,028 | 172,000 |
| Equity advances from government organizations | 71,531 | 659,993 | 250,000 | 80,000 | - |
| Accumulated other comprehensive income ⁴ | (5,372) | 1,435 | - | 15,009 | 68,300 |
| Net Assets | 445,363 | 1,514,436 | 742,660 | 189,037 | 240,300 |

Net assets are restricted as disclosed on page 86.

Adjustments include:

- reclassifying dividends paid by March 31, 2008
- reversing losses recognized by government business enterprises on transactions with government organizations and
- reversing significant intervening period transactions recognized in the prior year

Total expense includes debt charges, net of sinking fund earnings, of \$243.8 million (2007 - \$249.9 million). Interest in the amount of \$209.7 million (2007 - \$249.5 million) was paid to government organizations.

Non-recurring items include (i) (2007 - \$24.6 million) received from government organizations;

Accumulated other comprehensive income consists primarily of market value adjustments on investments and includes a \$129.4 million other comprehensive loss (2007 - \$57.1 million income) and an adjustment to the accumulated deficit of \$116.7 million (2007 - nil) (note 11). The other comprehensive loss consists of \$1.1 million net unrealized loss (2007 - \$95.3 million net unrealized gain) and \$129.5 million net realized gain (2007 - \$42.2 million) recognized in net income.

Schedule 4

| WCB ¹ | SLGA | SGC | MFC | SGGF | Adjustments ² | 2008 | 2007 |
|------------------|-----------|----------|--------|-------|--------------------------|------------|------------|
| - | 46,356 | - | 105 | - | - | 46,461 | 38,325 |
| 51,288 | 5,598 | 11,207 | 1,935 | 2,739 | (55,412) | 181,306 | 113,917 |
| 32,610 | 49,128 | 229 | 969 | 39 | - | 734,959 | 746,583 |
| - | 20,976 | 252 | - | - | - | 374,875 | 331,297 |
| - | - | - | - | - | - | 19,735 | 19,229 |
| - | 3,819 | 204 | - | - | - | 123,099 | 112,592 |
| 3,489 | - | - | - | - | - | 17,694 | 27,482 |
| 1,274,520 | - | - | 36,126 | 126 | - | 2,967,282 | 2,777,221 |
| 15,553 | 56,059 | 58,501 | - | - | - | 5,866,332 | 5,799,679 |
| - | - | - | - | - | 463 | 337,114 | 290,383 |
| - | - | - | 75 | - | 1,775 | 214,551 | 209,516 |
| 1,377,460 | 181,936 | 70,393 | 39,210 | 2,904 | (53,174) | 10,883,408 | 10,466,224 |
| 8,897 | - | - | - | - | - | 138,732 | 127,509 |
| 9,801 | 33,465 | 8,515 | 351 | 611 | - | 506,622 | 522,684 |
| - | 108,672 | 29,805 | - | - | (55,412) | 138,477 | 128,734 |
| - | - | - | 25,767 | - | 463 | 3,640,205 | 3,550,335 |
| - | - | 24,210 | - | - | - | 125,116 | 133,648 |
| - | - | - | - | - | - | 505,425 | 479,551 |
| 955,262 | - | - | - | - | - | 2,064,915 | 1,960,268 |
| 155,915 | 39,799 | 7,863 | - | 200 | - | 367,575 | 457,834 |
| 1,129,875 | 181,936 | 70,393 | 26,118 | 811 | (54,949) | 7,487,067 | 7,360,563 |
| 247,585 | - | - | 13,092 | 2,093 | 1,775 | 3,396,341 | 3,105,661 |
| 26,563 | - | - | - | - | - | 169,600 | 135,761 |
| 358,556 | 897,243 | 128,711 | 2,057 | 900 | (5,175) | 6,079,240 | 5,772,172 |
| 385,119 | 897,243 | 128,711 | 2,057 | 900 | (5,175) | 6,248,840 | 5,907,933 |
| 10,974 | - | - | 1,135 | - | 565 | 483,774 | 453,022 |
| 244,162 | 497,127 | 84,939 | 25 | 1,689 | 2,302 | 4,823,032 | 4,676,301 |
| 255,136 | 497,127 | 84,939 | 1,160 | 1,689 | 2,867 | 5,306,806 | 5,129,323 |
| 129,983 | 400,116 | 43,772 | 897 | (789) | (8,042) | 942,034 | 778,610 |
| - | - | - | - | - | 99,308 | 1,532 | (77,321) |
| 129,983 | 400,116 | 43,772 | 897 | (789) | 91,266 | 943,566 | 701,289 |
| 26,326 | - | - | 12,195 | 2,807 | (89,768) | 1,860,849 | 1,759,132 |
| - | (585) | (1,510) | - | 74 | 270 | 4,358 | (16,059) |
| - | (399,531) | (42,262) | - | - | - | (644,612) | (583,513) |
| 156,309 | - | - | 13,092 | 2,092 | 1,768 | 2,164,161 | 1,860,849 |
| - | - | - | - | 1 | 7 | 1,061,532 | 1,061,532 |
| 91,276 | - | - | - | - | - | 170,648 | 183,280 |
| 247,585 | - | - | 13,092 | 2,093 | 1,775 | 3,396,341 | 3,105,661 |

Investment in Government Business Enterprises (continued)

Schedule 4

SaskEnergy Incorporated (SaskEnergy)

SaskEnergy promotes, transports, stores and distributes natural gas in Saskatchewan.

Saskatchewan Power Corporation (SaskPower)

SaskPower generates, purchases, transmits, distributes and sells electricity and related products and services.

Saskatchewan Telecommunications Holding Corporation (SaskTel)

SaskTel markets and supplies a range of voice, data, internet, wireless, text, image and entertainment products, systems and services. Through interconnection agreements, SaskTel is part of the national and global communications network.

Saskatchewan Government Insurance (SGI) and Saskatchewan Auto Fund (Auto Fund)

SGI's competitive general insurance business, SGI CANADA, offers a comprehensive line of home, tenant, farm, automobile extension and commercial coverages.

The Auto Fund, the provincial compulsory vehicle insurance program, is administered by SGI on behalf of the Government. Any net assets of the Auto Fund are held on behalf of Saskatchewan's motoring public and cannot be used for any other purpose.

Workers' Compensation Board (Saskatchewan) (WCB)

WCB provides workers' compensation insurance to Saskatchewan workers and employers. Any net assets of the WCB cannot be used for any other purpose.

Liquor and Gaming Authority (SLGA)

SLGA's main functions are to control the manufacture and distribution of beverage alcohol throughout the Province, to oversee the licensing of all establishments selling alcohol in the Province and to maintain the integrity of all licensed gaming while ensuring maximum benefit to Saskatchewan charities.

Saskatchewan Gaming Corporation (SGC)

SGC manages and operates Casino Regina and Casino Moose Jaw.

Municipal Financing Corporation of Saskatchewan (MFC)

MFC assists municipalities in financing their capital requirements.

Saskatchewan Government Growth Fund Management Corporation (SGGF)

SGGF was a participant in the federal government's Immigrant Investor Program to acquire lower cost capital for commercial investment in Saskatchewan. Investment funds were raised through seven subsidiary fund companies and are managed by Crown Capital Partners Inc., a fund manager. A significant number of subscribers have yet to complete their subscription requirements and the funds will require management by SGGF for at least the next three years.

Other Investments

As at March 31, 2008

(thousands of dollars)

Schedule 5

| | 2008 | 2007 |
|---|----------------|----------------|
| Equities | | |
| <i>Subject to significant influence</i> | | |
| Saskferco Products Inc. | 134,708 | 127,714 |
| Meadow Lake OSB Limited Partnership | 28,734 | 32,460 |
| NewGrade Energy Inc. | - | 91,671 |
| Big Sky Farms Inc. | - | 29,318 |
| Other | 19,958 | 13,310 |
| <i>Other</i> | | |
| Premium Brands Income Fund | 10,759 | 11,347 |
| HARO Financial Corporation | - | 68,000 |
| Other | 72,430 | 56,390 |
| | 266,589 | 430,210 |
| Bonds and debentures | 150,252 | 101,632 |
| Loans and advances | 43,327 | 54,945 |
| Pooled investment funds | 33,874 | 33,201 |
| Other | 28,386 | 38,808 |
| Total Other Investments | 522,428 | 658,796 |

Equities

Equities include \$224.7 million (2007 - \$381.3 million) invested in shares of private companies and \$41.9 million (2007 - \$48.9 million) invested in Canadian and international equity markets for which the quoted market value is \$63.9 million (2007 - \$49.1 million).

Saskferco Products Inc. (Saskferco)

The Government owns 68.4 million Class B common shares equivalent to a 49.5 per cent voting interest in Saskferco, a nitrogen fertilizer plant in Belle Plaine.

Meadow Lake OSB Limited Partnership (ML OSB)

The Government is a limited partner in ML OSB, an oriented strand board facility near Meadow Lake. The Government holds a 25 per cent interest in ML OSB. The Government has issued options to purchase its units of ML OSB, which, if exercised, would reduce the Government's interest to 6.8 per cent.

NewGrade Energy Inc. (NewGrade)

The Government sold its 50 per cent interest in NewGrade, a government business partnership. The sale was completed November 1, 2007 which resulted in net proceeds of \$383.1 million, generating a gain on sale of \$250.1 million.

Big Sky Farms Inc. (Big Sky)

During the year, the Government acquired a controlling interest in Big Sky and, accordingly, has proportionately consolidated 62.9 per cent of Big Sky, as disclosed in note 9.

Premium Brands Income Fund

The Government owns units in Premium Brands Income Fund with a quoted market value of \$17.6 million (2007 - \$11.5 million).

Other Investments *(continued)*

Schedule 5

HARO Financial Corporation (HARO)

During the year, HARO sold its interest in Crown Life Insurance Company and paid all proceeds to the Government. The Government received net proceeds of \$151.2 million representing a repayment of loan obligations of \$15.6 million, interest earned on the loan obligation of \$67.6 million and a reduction in the Government's investment in HARO shares of \$68 million.

Bonds and Debentures

Bonds and debentures include Government of Canada, provincial, municipal and corporate bonds having a market value of \$152.3 million (2007 - \$ 102.7 million).

Loans and Advances

Loans and advances include loan agreements between the Government and companies in which the Government holds shares. As part of the sale of HARO, the term loan of \$15.6 million was repaid in full.

Pooled Investment Funds

Pooled investment funds represent the Government's investment in units of various funds consisting primarily of debt and equities.

Other

Other investments include various fixed rate securities having a market value of \$28.7 million (2007 - \$39.1 million).

Accounts Payable and Accrued Liabilities**Schedule 6**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 (Restated) |
|--|------------------|---------------------------|
| Transfers | | |
| Federal government | 255,057 | 255,208 |
| Other | 257,675 | 262,013 |
| Accrued salaries and benefits | 386,972 | 356,137 |
| Equalization and Canada Health and Social Transfer repayable to the federal government | 341,690 | 362,011 |
| Supplier payments | 300,831 | 273,478 |
| Accrued interest | 140,250 | 141,719 |
| Other | 87,532 | 88,586 |
| Total Accounts Payable and Accrued Liabilities | 1,770,007 | 1,739,152 |

Other Liabilities**Schedule 7**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 (Restated) |
|--|----------------|---------------------------|
| Environmental | 88,185 | 32,300 |
| Funds held on behalf of government business enterprises and others | | |
| Liquor and Gaming Authority | 48,328 | 41,119 |
| Other | 39,453 | 46,993 |
| Capital leases (note 6) | 44,976 | 48,353 |
| Other | 100,751 | 49,118 |
| Total Other Liabilities | 321,693 | 217,883 |

Unearned Revenue**Schedule 8**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|-------------------------------|----------------|----------------|
| Housing contributions | 126,768 | 138,597 |
| Motor vehicle licensing fees | 35,200 | 35,227 |
| Health contributions | 34,653 | 26,362 |
| Crown mineral leases | 20,480 | 17,198 |
| Other | 28,287 | 33,299 |
| Total Unearned Revenue | 245,388 | 250,683 |

Public Debt

Schedule 9

As at March 31, 2008

(thousands of dollars)

| | 2008 | | | 2007 |
|---|-------------------------|--------------------------------|------------------|------------------|
| | Gross Debt ¹ | Sinking Funds (schedule 10) | Public Debt | Public Debt |
| Government Service Organizations | | | | |
| General Revenue Fund ² | 7,818,371 | (994,048) | 6,824,323 | 7,244,938 |
| Regional Health Authorities | 81,285 | - | 81,285 | 84,154 |
| Saskatchewan Crop Insurance Corporation | 100,000 | (27,842) | 72,158 | 115,800 |
| Saskatchewan Housing Corporation | 95,151 | (48,929) | 46,222 | 49,786 |
| Investment Saskatchewan Inc. | 44,389 | - | 44,389 | 10,919 |
| Saskatchewan Water Corporation | 41,074 | (956) | 40,118 | 34,581 |
| Saskatchewan Opportunities Corporation | 31,844 | - | 31,844 | 18,000 |
| Information Services Corporation of Saskatchewan | 13,547 | - | 13,547 | 24,547 |
| Other | 2,058 | - | 2,058 | 2,563 |
| Total Government Service Organizations³ | 8,227,719 | (1,071,775) | 7,155,944 | 7,585,288 |

Government Business Enterprises

| | | | | |
|--|-------------------|--------------------|-------------------|-------------------|
| Saskatchewan Power Corporation | 2,445,583 | (186,286) | 2,259,297 | 2,400,753 |
| SaskEnergy Incorporated | 759,659 | (43,050) | 716,609 | 681,551 |
| Saskatchewan Telecommunications Holding Corporation | 354,690 | (57,681) | 297,009 | 316,343 |
| Municipal Financing Corporation of Saskatchewan | 26,230 | (466) | 25,764 | 22,001 |
| Saskatchewan Gaming Corporation | 24,210 | - | 24,210 | 28,708 |
| Total Government Business Enterprises⁴ | 3,610,372 | (287,483) | 3,322,889 | 3,449,356 |
| Public Debt⁵ | 11,838,091 | (1,359,258) | 10,478,833 | 11,034,644 |

¹ The average effective interest rate on gross debt during 2007-08 was 6.8 per cent (2006-07 - 6.7 per cent) and includes the impact of foreign exchange and the amortization of any premiums or discounts associated with the debentures. The average term to maturity of gross debt is 11.4 years (2007 - 11.8 years).

Gross debt includes Canada Pension Plan debentures of \$798.5 million (2007 - \$851.4 million). These debentures are callable in whole or in part before maturity, on 30 days prior notice, at the option of the Minister of Finance of Saskatchewan.

² General Revenue Fund public debt is shown net of \$3,198.7 million (2007 - \$3,316.5 million) reimbursable from government business enterprises and \$195.7 million (2007 - \$240.5 million) reimbursable from government service organizations.

³ Gross debt of government service organizations includes \$134.1 million (2007 - \$98.5 million) primarily secured by assets with a carrying value of \$235.9 million (2007 - \$134.2 million).

⁴ Schedule 4 provides information on government business enterprises as presented in their audited financial statements closest to March 31, 2008. Public debt of government business enterprises shown above has been adjusted to include transactions occurring from the audited financial statements to March 31, 2008 and to reverse market value adjustments on the sinking funds for the following government business enterprises:

| | 2008 | | | 2007 |
|---|------------------|------------------|------------------|------------------|
| | Gross Debt | Sinking Funds | Public Debt | Public Debt |
| Government Business Enterprises (schedule 4) | 3,765,321 | (337,114) | 3,428,207 | 3,393,600 |
| Saskatchewan Power Corporation | (120,023) | 51,277 | (68,746) | 87,264 |
| SaskEnergy Incorporated | (37,241) | (370) | (37,611) | (31,258) |
| Saskatchewan Telecommunications Holding Corporation | 2,315 | (1,273) | 1,042 | (1,884) |
| Municipal Financing Corporation of Saskatchewan | - | (3) | (3) | 1,634 |
| Total Government Business Enterprises | 3,610,372 | (287,483) | 3,322,889 | 3,449,356 |

Public Debt (continued)

Schedule 9

⁵ Public debt payable in U.S. dollars of 78.6 million (2007 - 91.7 million) has been restated to \$80.8 million Canadian (2007 - \$105.7 million) at the exchange rate in effect at March 31, 2008 of 1.0279 (2007 - 1.1529).

Debt principal payment requirements in each of the next five years and thereafter are as follows:

| Year of Maturity | 2008 | | | 2007 |
|-----------------------------|--|---------------------------------------|-------------|-------------|
| | Government Service Organizations | Government Business Enterprises | Total | Total |
| Short-term promissory notes | 164,500 | 265,500 | 430,000 | 223,200 |
| 2007-08 | - | - | - | 884,188 |
| 2008-09 | 562,946 | 123,078 | 686,024 | 637,184 |
| 2009-10 | 896,839 | 51,330 | 948,169 | 949,870 |
| 2010-11 | 487,068 | 179,653 | 666,721 | 675,016 |
| 2011-12 | 271,722 | 6,501 | 278,223 | 479,660 |
| 2012-13 | 1,122,589 | 55,437 | 1,178,026 | - |
| 6-10 years | 2,467,526 | 355,325 | 2,822,851 | 3,584,162 |
| Thereafter | 2,254,529 | 2,573,548 | 4,828,077 | 4,856,654 |
| Gross debt ^a | 8,227,719 | 3,610,372 | 11,838,091 | 12,289,934 |
| Sinking funds | (1,071,775) | (287,483) | (1,359,258) | (1,255,290) |
| Public Debt | 7,155,944 | 3,322,889 | 10,478,833 | 11,034,644 |

^a Gross debt includes debentures of \$210.5 million (2007 - \$210.5 million) that provide the holder with a choice of dates on which the debt matures. The year of maturity reflects the earliest possible date of maturity rather than the maximum term to maturity.

Sinking Funds

As at March 31, 2008

(thousands of dollars)

Schedule 10

| | 2007 | 2008 | | | | |
|---|------------------|----------------------------|-----------------------|--------------------------|------------------------|------------------|
| | Sinking Funds | Contributions ¹ | Earnings ² | Redemptions ³ | Currency Adjustment | Sinking Funds |
| Government Service Organizations | | | | | | |
| General Revenue Fund | 903,091 | 67,893 | 45,858 | - | (22,794) | 994,048 |
| Saskatchewan Housing Corporation | 46,303 | 585 | 2,041 | - | - | 48,929 |
| Saskatchewan Crop Insurance Corporation | - | 27,400 | 442 | - | - | 27,842 |
| Saskatchewan Water Corporation | 389 | 537 | 30 | - | - | 956 |
| Sinking Funds of Government Service Organizations | 949,783 | 96,415 | 48,371 | - | (22,794) | 1,071,775 |
| Government Business Enterprises | | | | | | |
| Saskatchewan Power Corporation | 213,678 | 22,853 | 9,734 | (59,979) | - | 186,286 |
| Saskatchewan Telecommunications Holding Corporation | 52,031 | 3,266 | 2,384 | - | - | 57,681 |
| SaskEnergy Incorporated | 39,523 | 5,842 | 1,801 | (4,116) | - | 43,050 |
| Municipal Financing Corporation of Saskatchewan | 275 | 173 | 18 | - | - | 466 |
| Sinking Funds of Government Business Enterprises | 305,507 | 32,134 | 13,937 | (64,095) | - | 287,483 |
| Total Sinking Funds ⁴ | 1,255,290 | 128,549 | 62,308 | (64,095) | (22,794) | 1,359,258 |

¹ Annual contributions, when established by Order in Council, are set at not less than 1.0 per cent of debentures outstanding. The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

| | Government Service Organizations ^a | Government Business Enterprises | Total |
|---------|---|---------------------------------------|----------------|
| 2008-09 | 73,196 | 30,884 | 104,080 |
| 2009-10 | 68,572 | 30,634 | 99,206 |
| 2010-11 | 62,612 | 30,634 | 93,246 |
| 2011-12 | 58,072 | 28,934 | 87,006 |
| 2012-13 | 56,359 | 28,934 | 85,293 |
| | 318,811 | 150,020 | 468,831 |

^a Each year includes contributions of \$1.0 million for U.S. dollar debt (\$1.0 million Canadian).

² Sinking fund earnings include losses on investment sales of \$1.0 million (2007 - gains of \$6.8 million).

³ The redemption value is based on the market value of the sinking fund units at the date of redemption.

⁴ The market value of total sinking funds is \$1,418.5 million (2007 - \$1,287.7 million).

Sinking fund assets have been invested as follows:

| | 2008 | 2007 |
|--|------------------|------------------|
| Long-term investments in securities of: | | |
| Governments of other provinces; coupon interest range 4.2% to 8.75%; maturing in 3.8 to 36.9 years | 641,605 | 455,015 |
| Government of Saskatchewan; coupon interest range 4.3% to 10.3%; maturing in 1.8 to 32.2 years | 441,676 | 432,662 |
| Government of Canada; coupon interest range 4.0% to 5.8%; maturing in 4.7 to 25.2 years | 26,093 | 195,903 |
| Government of the United States; coupon interest 3.5%; maturing in 9.9 years | 10,333 | 19,964 |
| Cash, short-term investments and accrued interest ^d | 239,551 | 151,746 |
| Total Sinking Funds^b | 1,359,258 | 1,255,290 |

^d Cash, short-term investments and accrued interest are disclosed net of \$0.9 million (2007 - \$1.1 million) in liabilities.

^b Included in total sinking funds are U.S. dollar cash, investments and accrued interest converted to \$201.9 million Canadian (2007 - \$211.4 million) at the exchange rate in effect at March 31, 2008 of 1.0279 (2007 - 1.1529).

Guaranteed Debt**Schedule 11**

As at March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|---------------|---------------|
| <i>The Farm Financial Stability Act</i> | | |
| Breeder and Feeder associations | 21,922 | 25,195 |
| <i>The Agricultural Credit Corporation of Saskatchewan Act</i> | | |
| BSE Livestock Loan Guarantee Program | 2,570 | 13,983 |
| Other | 8,910 | 23,373 |
| Total Guaranteed Debt¹ | 33,402 | 62,551 |

¹ In addition to the amount shown, there is a contingent liability for interest accrued on these items.

Total guaranteed debt is net of a loss provision of \$0.8 million (2007 - \$5.0 million).

Breeder and Feeder Associations

The Government provides guarantees to lenders who make loans to production associations. The Government guarantees repayment of 25 per cent of the outstanding loan balance at the time of a first default on any advance, plus accrued interest as of the time that payment is to be made on the guarantee. Guarantees for each cattle association are limited to \$6 million under the breeder option. Guarantees for each bison association are limited to \$5 million under the feeder option and \$6 million under the breeder option. Guarantees for each sheep association are limited to \$4 million under both the breeder and feeder options.

BSE Livestock Loan Guarantee Program

The Government has guaranteed certain loans of livestock producers affected by export market restrictions on cattle. The loans are due in 2009.

Pension Liabilities

Schedule 12

As at March 31, 2008

(thousands of dollars)

| | 2008 | | | | 2007 |
|---|------------------|------------------|----------------|------------------|------------------|
| | TSP ¹ | PSSP | Others | Total | Total |
| Accrued benefit obligation, | | | | | |
| beginning of year | 4,860,560 | 1,854,824 | 320,265 | 7,035,649 | 6,943,531 |
| Current period benefit cost | 51,839 | 18,227 | 4,685 | 74,751 | 81,889 |
| Plan amendment | - | - | - | - | 90,433 |
| Interest cost | 272,119 | 90,502 | 34,482 | 397,103 | 370,004 |
| Actuarial losses (gains) | 95,727 | 53,674 | 11,719 | 161,120 | (2,595) |
| Joint defined benefit plan (SHEPP) ² | - | - | (25,223) | (25,223) | (41,168) |
| Benefit payments | (298,865) | (107,790) | (21,958) | (428,613) | (406,445) |
| Accrued Benefit Obligation, End of Year | 4,981,380 | 1,909,437 | 323,970 | 7,214,787 | 7,035,649 |
| Plan assets, beginning of year | 1,399,840 | - | 187,757 | 1,587,597 | 1,645,659 |
| Return on plan assets | 101,817 | - | 31,121 | 132,938 | 110,119 |
| Employer contributions | 33,400 | 103,082 | 5,349 | 141,831 | 220,592 |
| Employee contributions | 13,890 | 4,708 | 463 | 19,061 | 21,456 |
| Plan expenses | (3,735) | - | (499) | (4,234) | (4,502) |
| Actuarial gains | 183,376 | - | 4,701 | 188,077 | 718 |
| Benefit payments | (298,865) | (107,790) | (21,958) | (428,613) | (406,445) |
| Plan Assets, End of Year ³ | 1,429,723 | - | 206,934 | 1,636,657 | 1,587,597 |
| | 3,551,657 | 1,909,437 | 117,036 | 5,578,130 | 5,448,052 |
| Unamortized estimation adjustments ⁴ | (362,000) | (120,805) | (7,518) | (490,323) | (763,585) |
| Total Pension Liabilities⁵ | 3,189,657 | 1,788,632 | 109,518 | 5,087,807 | 4,684,467 |

¹ The TSP accrued benefit obligation includes a liability of \$29.6 million (2007 - \$32.0 million) relating to the TSP disability provision. The TSP's actual rate of return on plan assets was 0.7 per cent (2007 - 13.3 per cent).

² The joint defined benefit plan includes only the Government's employer portion of the pension liability. At December 31, 2007, the SHEPP had a total accrued benefit obligation of \$2,888.3 million (2006 - \$2,676.8 million) and pension fund assets of \$3,010.8 million (2006 - \$2,697.1 million) at market related values and unamortized estimation adjustment gains of \$68.1 million (2006 - \$72.8 million). The market value of the pension fund investments was \$3,075.4 million (2006 - \$2,862.0 million). Of this amount 39.0 per cent (2006 - 34.2 per cent) was invested in fixed income securities and 56.3 per cent (2006 - 64.6 per cent) in equity investments. The Government and member contributions to the plan totalled \$71.8 million (2006 - \$69.6 million) and \$70.0 million (2006 - \$67.9 million) respectively. Benefit payments from the plan totalled \$104.6 million (2006 - \$91.8 million).

³ At March 31, 2008, the market value of defined benefit plan investments was \$1,750.7 million (2007 - \$1,994.4 million). Of this amount 42.6 per cent (2007 - 44.0 per cent) was invested in fixed income securities and 45.6 per cent (2007 - 45.2 per cent) in equity investments.

⁴ Unamortized estimation adjustments are amortized to pension expense over periods ranging from 3.7 to 6.6 years for the TSP, from 3.9 to 10.8 years for the PSSP, and from 4 to 12 years for the other plans. These represent the expected average remaining service life of active plan members at the time the estimation adjustments arose.

⁵ The total pension liabilities are based on the latest actuarial valuations extrapolated to March 31, 2008 for the defined benefit plans and December 31, 2007 for the joint defined benefit plan. Changes in assumptions can result in significantly higher or lower estimates of pension liabilities. A one percentage point decrease in the discount rate would result in a \$613.2 million and \$242.5 million increase in the pension liabilities for the TSP and the PSSP respectively, and a one percentage point increase would result in a \$502.4 million and \$200.5 million decrease in the pension liabilities for the TSP and the PSSP respectively.

Tangible Capital Assets**Schedule 13**

As at March 31, 2008

(thousands of dollars)

| | 2008 | | | | | | 2007 | |
|--|---|--|-------------------------------------|--|---|------------------------------|-----------|-----------|
| | Land & Improvements 3 years-Indefinite | Buildings & Improvements 3-50 years | Machinery & Equipment 2-33 years | Transportation Equipment 3-40 years | Office & Information Technology 2-25 years | Infrastructure 3-60 years | Total | Total |
| <i>Estimated useful life</i> | | | | | | | | |
| Opening Net Book Value of Tangible Capital Assets ¹ | 193,448 | 1,481,356 | 243,371 | 176,278 | 122,853 | 1,895,671 | 4,112,977 | 3,964,885 |
| Opening cost | 212,171 | 2,688,239 | 875,897 | 281,775 | 347,347 | 3,522,543 | 7,927,972 | 7,578,082 |
| Adjustment to cost (note 9) | 1,509 | 47,892 | 48,280 | - | - | 8,196 | 105,877 | - |
| Acquisitions | 7,373 | 178,707 | 89,576 | 34,133 | 59,945 | 178,397 | 548,131 | 450,575 |
| Write downs | (118) | (3,624) | (15,849) | (332) | (2,922) | (1,004) | (23,849) | (17,930) |
| Disposals | (419) | (13,591) | (9,068) | (8,081) | (5,645) | (25,269) | (62,073) | (82,755) |
| Closing cost ² | 220,516 | 2,897,623 | 988,836 | 307,495 | 398,725 | 3,682,863 | 8,496,058 | 7,927,972 |
| Opening accumulated amortization | 18,723 | 1,206,883 | 632,526 | 105,497 | 224,494 | 1,626,872 | 3,814,995 | 3,613,197 |
| Adjustment to accumulated amortization (note 9) | - | 8,934 | 16,833 | - | - | 1,291 | 27,058 | - |
| Annual amortization | 2,224 | 97,031 | 59,464 | 17,586 | 39,743 | 100,593 | 316,641 | 285,385 |
| Write downs | - | (17) | (12,356) | (214) | (2,250) | (170) | (15,007) | (16,734) |
| Disposals | (2) | (12,138) | (7,220) | (5,172) | (5,571) | (25,020) | (55,123) | (66,853) |
| Closing accumulated amortization | 20,945 | 1,300,693 | 689,247 | 117,697 | 256,416 | 1,703,566 | 4,088,564 | 3,814,995 |
| Closing Net Book Value of Tangible Capital Assets ¹ | 199,571 | 1,596,930 | 299,589 | 189,798 | 142,309 | 1,979,297 | 4,407,494 | 4,112,977 |

¹ Net book value of tangible capital assets does not include the following:

- works of art and historical treasures, such as the Legislative Building;
- items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, which are not recognized in these financial statements; and
- capital assets held by government business enterprises (schedule 4).

² Closing cost includes work-in-progress of \$301.9 million (2007 - \$151.7 million).

Revenue**Schedule 14**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|-------------------|------------------|
| Taxation | | |
| Individual income | 1,938,258 | 1,668,538 |
| Sales | 995,995 | 1,079,794 |
| Corporation income | 673,641 | 554,001 |
| Corporation capital | 430,604 | 513,458 |
| Fuel | 406,434 | 383,576 |
| Tobacco | 190,412 | 190,334 |
| Other | 99,549 | 96,056 |
| Total Taxation | 4,734,893 | 4,485,757 |
| Non-renewable Resources | | |
| Oil | 1,665,267 | 1,318,852 |
| Potash | 432,770 | 161,729 |
| Natural gas | 133,780 | 165,131 |
| Other | 93,299 | 48,540 |
| Total Non-renewable Resources | 2,325,116 | 1,694,252 |
| Other Own-source Revenue | | |
| Fees | | |
| Health care | 148,866 | 124,269 |
| Motor vehicle licensing | 140,631 | 138,908 |
| Subsidized housing rental | 95,579 | 84,419 |
| Other | 461,495 | 375,103 |
| Investment income | | |
| Gain on sale of other investments (schedule 18) | 264,494 | 5,114 |
| Interest and dividends | 229,428 | 163,540 |
| Earnings from equities (schedule 18) | 74,731 | 97,726 |
| Insurance | 141,720 | 108,135 |
| Other | 363,583 | 333,781 |
| Total Other Own-source Revenue | 1,920,527 | 1,430,995 |
| Total Own-source Revenue | 8,980,536 | 7,611,004 |
| Transfers from the Federal Government | | |
| Canada Health Transfer | 739,648 | 716,775 |
| Canada Social Transfer | 325,098 | 323,599 |
| Equalization | 226,146 | 12,723 |
| Crop insurance contributions | 104,703 | 76,110 |
| Housing subsidy | 78,850 | 69,762 |
| Other | 332,886 | 353,121 |
| Total Transfers from the Federal Government | 1,807,331 | 1,552,090 |
| Total Revenue | 10,787,867 | 9,163,094 |

Debt Charges**Schedule 15**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 (Restated) |
|--|----------------|--------------------|
| Total interest costs | 1,063,845 | 1,064,232 |
| Interest reimbursed from government business enterprises | (252,740) | (257,214) |
| Net foreign exchange loss | 1,598 | 2,787 |
| Other costs | 5,886 | 6,870 |
| Total Debt Charges | 818,589 | 816,675 |

Expense by Object**Schedule 16**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|------------------|------------------|
| Transfers | 3,942,638 | 3,787,818 |
| Salaries and benefits | 3,030,430 | 2,856,070 |
| Operating costs | 1,394,608 | 1,279,478 |
| Debt charges (<i>schedule 15</i>) | 818,589 | 816,675 |
| Amortization of tangible capital assets (<i>schedule 13</i>) | 316,641 | 285,385 |
| Other | 355,227 | 265,009 |
| Total Expense | 9,858,133 | 9,290,435 |

Comparison of Estimated to Actual Results**Schedule 17**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | | 2007 |
|---|------------------------|---------------------|----------------|
| | Estimated ¹ | Actual ¹ | Actual |
| Treasury Board Organizations | | | |
| General Revenue Fund | 75,000 | 641,435 | 292,704 |
| Fiscal Stabilization Fund | (509,872) | 641,434 | - |
| Saskatchewan Infrastructure Fund | (45,558) | - | 105,090 |
| Other Treasury Board Organizations ² | (286,719) | (173,358) | (97,363) |
| | (767,149) | 1,109,511 | 300,431 |
| CIC Board Organizations ² | 102,069 | 517,802 | 237,252 |
| | (665,080) | 1,627,313 | 537,683 |
| Not-for-Profit Insurance Organizations | (36,177) | 245,987 | 36,265 |
| Surplus (Deficit) | (701,257) | 1,873,300 | 573,948 |

¹ Presented on the basis of the summary financial budget, which is included in the Provincial Budget.² Net of dividends paid to other government organizations.**Gains and Losses on Other Investments****Schedule 18**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|----------------|
| Earnings (Losses) from Equities | | |
| NewGrade Energy Inc. ¹ | 41,371 | 79,844 |
| Saskferco Products Inc. | 38,935 | 15,136 |
| Other | (5,575) | 2,746 |
| | 74,731 | 97,726 |
| Gain on sale of other investments | | |
| NewGrade Energy Inc. | 250,091 | - |
| Centennial Foods | 14,403 | - |
| Other | - | 5,114 |
| | 264,494 | 5,114 |
| (Provision for) recovery of loss | (7,870) | 21,322 |
| Net Gain on Other Investments | 331,355 | 124,162 |

¹ Net of purchase premium amortization of \$1.7 million (2007 - \$1.7 million).

Other Non-cash Items Included in Surplus**Schedule 19**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|---|-----------------|----------------|
| Amortization of tangible capital assets <i>(schedule 13)</i> | 316,641 | 285,385 |
| Write downs of tangible capital assets <i>(schedule 13)</i> | 8,842 | 1,196 |
| Amortization of foreign exchange loss <i>(schedule 15)</i> | 1,598 | 2,787 |
| Net (gain) loss on disposal of tangible capital assets | (4,027) | 8,713 |
| Net reduction to provision for loss on loans receivable <i>(schedule 3)</i> | (9,362) | (4,544) |
| Earnings retained in sinking funds <i>(schedule 10)</i> | (48,371) | (48,054) |
| Net gain on other investments <i>(schedule 18)</i> | (331,355) | (124,162) |
| Total Other Non-cash Items Included in Surplus | (66,034) | 121,321 |

Net Change in Non-cash Operating Activities**Schedule 20**

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | 2007 |
|--|----------------|----------------|
| Increase in accounts receivable | (53,289) | (66,195) |
| (Increase) decrease in inventories held for resale | (21,644) | 101 |
| Decrease in deferred charges | 4,414 | 6,607 |
| Increase in accounts payable and accrued liabilities | 30,855 | 92,674 |
| (Decrease) increase in unearned revenue | (5,295) | 8,911 |
| Increase in pension liabilities | 403,340 | 372,481 |
| Increase in prepaid expenses | (4,584) | (2,908) |
| Increase in inventories held for consumption | (12,344) | (10,045) |
| Net Change in Non-cash Operating Activities | 341,453 | 401,626 |

Segment Disclosure

For the Year Ended March 31, 2008

(thousands of dollars)

| | Treasury Board Organizations | |
|--|---------------------------------|------------------|
| | 2008 | 2007 |
| Revenue | | |
| Taxation | 4,734,893 | 4,485,757 |
| Non-renewable resources | 2,325,116 | 1,694,252 |
| Transfers from government organizations | 200,000 | 167,000 |
| Other own-source revenue | 1,177,844 | 1,021,006 |
| Transfers from the federal government | 1,702,628 | 1,475,980 |
| Total Revenue (schedule 14) | 10,140,481 | 8,843,995 |
| Expense | | |
| Agriculture | 333,355 | 389,997 |
| Community development | 352,395 | 318,514 |
| Debt charges (schedule 15) | 812,737 | 807,022 |
| Economic development | 195,894 | 132,721 |
| Education | 1,787,008 | 1,691,705 |
| Environment and natural resources | 197,084 | 199,836 |
| Health | 3,650,982 | 3,345,167 |
| Protection of persons and property | 394,777 | 362,214 |
| Social services and assistance | 899,963 | 842,648 |
| Transportation | 390,102 | 347,320 |
| Other | 458,486 | 511,355 |
| Total Expense (schedule 16) | 9,472,783 | 8,948,499 |
| Surplus (deficit) from government service organizations | 667,698 | (104,504) |
| Income from government business enterprises (schedule 4) | 441,813 | 404,935 |
| Surplus (schedule 17) | 1,109,511 | 300,431 |

The Summary financial statements segments are based on the accountability and control relationships between the Government and the various organizations within the government reporting entity.

Treasury Board organizations include the General Revenue Fund, Fiscal Stabilization Fund, Saskatchewan Infrastructure Fund and organizations such as Regional Health Authorities and Liquor and Gaming Authority.

CIC Board organizations are agencies that are responsible to the Crown Investment Corporation of Saskatchewan (CIC) and include organizations such as Saskatchewan Power Corporation, Saskatchewan Telecommunications Holding Corporation and Investment Saskatchewan Inc.

Not-for-profit insurance organizations are intended to be actuarially sound over the long-term. They typically adjust their rates to break even over the longer term and include Saskatchewan Auto Fund, Saskatchewan Crop Insurance Corporation, Crop Reinsurance Fund of Saskatchewan and Workers' Compensation Board (Saskatchewan).

Schedule 22 lists the organizations included in each segment.

Schedule 21

| CIC Board Organizations | | Not-for-Profit Insurance Organizations | | Eliminations | | | |
|-------------------------|---------|--|---------|--------------|-----------|------------|-----------|
| 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| - | - | - | - | - | - | 4,734,893 | 4,485,757 |
| - | - | - | - | - | - | 2,325,116 | 1,694,252 |
| - | - | 108,023 | 86,237 | (308,023) | (253,237) | - | - |
| 624,091 | 321,794 | 118,592 | 88,195 | - | - | 1,920,527 | 1,430,995 |
| - | - | 104,703 | 76,110 | - | - | 1,807,331 | 1,552,090 |
| 624,091 | 321,794 | 331,318 | 250,542 | (308,023) | (253,237) | 10,787,867 | 9,163,094 |
| 46,383 | - | 243,188 | 228,475 | (102,526) | (81,757) | 520,400 | 536,715 |
| - | - | - | - | - | - | 352,395 | 318,514 |
| 6,550 | 7,930 | 4,799 | 6,203 | (5,497) | (4,480) | 818,589 | 816,675 |
| 62,267 | 90,663 | - | - | - | - | 258,161 | 223,384 |
| - | - | - | - | - | - | 1,787,008 | 1,691,705 |
| 43,320 | 17,031 | - | - | - | - | 240,404 | 216,867 |
| - | - | - | - | - | - | 3,650,982 | 3,345,167 |
| 38,714 | 37,382 | - | - | - | - | 433,491 | 399,596 |
| - | - | - | - | - | - | 899,963 | 842,648 |
| 23,228 | 21,116 | - | - | - | - | 413,330 | 368,436 |
| 24,924 | 19,373 | - | - | - | - | 483,410 | 530,728 |
| 245,386 | 193,495 | 247,987 | 234,678 | (108,023) | (86,237) | 9,858,133 | 9,290,435 |
| 378,705 | 128,299 | 83,331 | 15,864 | (200,000) | (167,000) | 929,734 | (127,341) |
| 339,097 | 275,953 | 162,656 | 20,401 | - | - | 943,566 | 701,289 |
| 717,802 | 404,252 | 245,987 | 36,265 | (200,000) | (167,000) | 1,873,300 | 573,948 |

Government Reporting Entity

For the Year Ended March 31, 2008

Schedule 22**Government Service Organizations (Consolidated)**

| | |
|---|--|
| Agricultural Credit Corporation of Saskatchewan | Prairie West Regional College |
| Agricultural Implements Board | Southeast Regional College |
| Agri-Food Innovation Fund | Regional Health Authorities |
| Beef Development Board | Cypress Regional Health Authority |
| Board of Governors, Uranium City Hospital | Five Hills Regional Health Authority |
| Cattle Marketing Deductions Fund | Heartland Regional Health Authority |
| Century Plaza Properties ¹ | Keewatin Yatthé Regional Health Authority |
| CIC Apex Equity Holdco Ltd. ^{4c 5a} | Kelsey Trail Regional Health Authority |
| CIC Economic Holdco Ltd. ^{4c 5a} | Mamawetan Churchill River Regional Health Authority |
| Commercial Revolving Fund | Prairie North Regional Health Authority |
| Community Initiatives Fund | Prince Albert Parkland Regional Health Authority |
| Correctional Facilities Industries Revolving Fund | Regina Qu'Appelle Regional Health Authority |
| Crop Reinsurance Fund of Saskatchewan ^{5b} | Saskatoon Regional Health Authority |
| Crown Investments Corporation of Saskatchewan | Sun Country Regional Health Authority |
| (non-consolidated) ^{4c 5a} | Sunrise Regional Health Authority |
| Extended Health Care Plan for Certain Other Employees ^{4c} | Resource Protection and Development Revolving Fund |
| First Nations and Métis Fund Inc. ^{4c 5a} | Saskatchewan Agricultural Stabilization Fund |
| Fiscal Stabilization Fund | Saskatchewan Apprenticeship and Trade Certification Commission ^{4a} |
| Fish and Wildlife Development Fund | Saskatchewan Archives Board |
| General Revenue Fund | Saskatchewan Arts Board |
| Government House Foundation | Saskatchewan Association of Health Organizations |
| Gradworks Inc. ^{4c 5a} | Saskatchewan Cancer Agency |
| Health Quality Council | Saskatchewan Centre of the Arts Fund |
| Horned Cattle Fund | Saskatchewan Communications Network Corporation |
| Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund | Saskatchewan Crop Insurance Corporation ^{5b} |
| Information Services Corporation of Saskatchewan ^{4c 5a} | Saskatchewan Development Fund Corporation ^{4c 5a} |
| Institutional Control Monitoring and Maintenance Fund ¹ | Saskatchewan Grain Car Corporation ^{4b} |
| Institutional Control Unforeseen Events Fund ¹ | Saskatchewan Health Information Network |
| Investment Saskatchewan Inc. ^{4c 5a} | Saskatchewan Health Research Foundation |
| Law Reform Commission of Saskatchewan | Saskatchewan Heritage Foundation |
| Livestock Services Revolving Fund | Saskatchewan Housing Corporation ^{4c} |
| Milk Control Board ^{4c} | Saskatchewan Impaired Driver Treatment Centre Board of Governors ^{3b} |
| Mistik Forest Management Trust ² | Saskatchewan Infrastructure Fund |
| North Sask Laundry and Support Services Ltd. | Saskatchewan Institute of Applied Science and Technology ^{4a} |
| Northern Revenue Sharing Trust Account ^{4c} | Saskatchewan Labour Market Commission ² |
| Oil and Gas Orphan Fund ^{3a} | Saskatchewan Legal Aid Commission |
| Operator Certification Board | Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation |
| Pastures Revolving Fund | Saskatchewan Opportunities Corporation ^{4c 5a} |
| Prairie Agricultural Machinery Institute | Saskatchewan Research Council |
| Public Employees Benefits Agency Revolving Fund | Saskatchewan Snowmobile Fund |
| Public Employees Dental Fund ^{4c} | Saskatchewan Student Aid Fund |
| Public Employees Disability Income Fund ^{4c} | Saskatchewan Transportation Company ^{4c 5a} |
| Public Employees Group Life Insurance Fund ^{4c} | Saskatchewan Water Corporation ^{4c 5a} |
| Queen's Printer Revolving Fund | Saskatchewan Watershed Authority |
| Regional Colleges ^{4a} | Saskatchewan Western Development Museum |
| Carlton Trail Regional College | Sask911 Account |
| Cumberland Regional College | Technology Supported Learning Revolving Fund |
| Cypress Hills Regional College | Training Completions Fund |
| Northlands College | Transportation Partnerships Fund |
| North West Regional College | Victims' Fund |
| Parkland Regional College | Water Appeal Board |

Government Reporting Entity *(continued)*

Schedule 22

Government Business Enterprises (Modified Equity)

Liquor and Gaming Authority

Municipal Financing Corporation of Saskatchewan ^{4c}

Saskatchewan Auto Fund ^{4c 5b}

Saskatchewan Gaming Corporation

Saskatchewan Government Growth Fund Management Corporation ^{4c 5a}

Saskatchewan Government Insurance ^{4c 5a}

Saskatchewan Power Corporation ^{4c 5a}

Saskatchewan Telecommunications Holding Corporation ^{4c 5a}

SaskEnergy Incorporated ^{4c 5a}

Workers' Compensation Board (Saskatchewan) ^{4c 5b}

¹ Organization established during 2007-08.

² Organization determined to be part of the government reporting entity during 2007-08.

³ Name changed during 2007-08 from: ^a Oil and Gas Environmental Fund; ^b St. Louis Alcoholism Rehabilitation Centre.

⁴ The year-ends of certain organizations differ from March 31, 2008: ^a June 2007; ^b July 2007; ^c December 2007.

⁵ For segment disclosure (*schedule 21*) certain organizations are classified into categories other than Treasury Board Organizations as follows: ^a CIC Board Organizations; ^b Not-for-Profit Insurance Organizations.

Supplementary Information (unaudited)

Fiscal Stabilization Fund Schedule of Transfers and Accumulated Balance

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2008 | | 2007 |
|---|----------------|------------------|----------------|
| | Budget | Actual | Actual |
| Balance, beginning of year | 887,500 | 887,500 | 887,500 |
| Transfer from (to) the General Revenue Fund | (509,872) | 641,434 | - |
| Balance, End of Year | 377,628 | 1,528,934 | 887,500 |

The Fiscal Stabilization Fund (Fund) was established April 1, 2000, by *The Fiscal Stabilization Fund Act*. Its purpose is to stabilize the fiscal position of the Government to facilitate long-term planning. Stabilization occurs through transfers between the Fund and the General Revenue Fund (GRF), as approved from time to time by Treasury Board.

Transfers to the Fund from the GRF are statutory disbursements. Amounts transferred to the GRF from the Fund are available for expenses subsequent to receiving required approval from the Legislative Assembly.

The Fund balance is invested in temporary investments that generally carry a term of less than 90 days. At March 31, 2008, these investments had an average effective interest rate of 3.56 per cent. For the year ended March 31, 2008, the Fund's investments earned a return of 4.34 per cent.

In accordance with *The Fiscal Stabilization Fund Act*, all earnings on the Fund's investments are credited to the GRF. For 2007-08, this amount was \$38.7 million.

On May 14, 2008, the balance of the Fund was transferred to the Growth and Financial Security Fund in accordance with the provisions of *The Growth and Financial Security Act*.

Saskatchewan Infrastructure Fund Schedule of Transfers and Accumulated Balance

For the Year Ended March 31, 2008

(thousands of dollars)

| | 2007 | | 2008 | |
|------------------------------|----------------|--------------|------------|----------------|
| | Balance | Transfers | Transfers | Balance |
| | at March 31 | from the GRF | to the GRF | at March 31 |
| Building Communities Program | 87,913 | - | - | 87,913 |
| Municipal Infrastructure | 17,177 | - | - | 17,177 |
| Balance, End of Year | 105,090 | - | - | 105,090 |

The Saskatchewan Infrastructure Fund (Fund) was established December 6, 2006, by *The Infrastructure Fund Act*. Its purpose is to provide moneys that may be used to support the provision and maintenance of infrastructure in Saskatchewan. This occurs through transfers between the Fund and the General Revenue Fund (GRF), as approved from time to time by Treasury Board.

Transfers to the Fund from the GRF are attached to a specific purpose. Amounts transferred to the GRF from the Fund are allocated through a legislated appropriation. Transfers to/from the Fund are recorded as expenses/revenues of the GRF.

The Fund balance is invested in temporary investments that generally carry a term of less than 90 days. At March 31, 2008, these investments had an average effective interest rate of 3.41 per cent. For the year ended March 31, 2008, the Fund's investments earned a return of 4.46 per cent.

In accordance with *The Infrastructure Fund Act*, all earnings on the Fund's investments are credited to the GRF. For 2007-08, this amount was \$4.6 million.

The budget for the Fund was as follows:

| | 2007 | | 2008 | |
|------------------------------|---------------|-----------------|------------|---------------|
| | Balance | Transfers | Transfers | Balance |
| | at March 31 | from the GRF | to the GRF | at March 31 |
| Building Communities Program | 83,400 | (40,000) | - | 43,400 |
| Municipal Infrastructure | 14,514 | (5,558) | - | 8,956 |
| Balance, End of Year | 97,914 | (45,558) | - | 52,356 |

On May 14, 2008, the balance in the Fund was transferred to the Growth and Financial Security Fund in accordance with the provisions of *The Growth and Financial Security Act*.

Road-use Fuel Tax Accountability Statement of Revenue and Expenditure

For the year ended March 31, 2008

(millions of dollars)

| | 2008 |
|---|---------------|
| Road-use Fuel Tax Revenue | |
| Total fuel tax collected pursuant to <i>The Fuel Tax Act, 2000</i> | 424.7 |
| Less fuel tax collected respecting: | |
| Locomotive fuel | (35.2) |
| Propane | (8.6) |
| Aviation fuel used to operate an aircraft | (1.2) |
| Rebates, refunds, credits, and commissions pursuant to <i>The Fuel Tax Act, 2000</i> or <i>The Revenue and Financial Services Act</i> | (18.3) |
| Grants paid pursuant to <i>The Ethanol Fuel (Grants) Regulations</i> | (20.9) |
| Total Road-use Fuel Tax Revenue | 340.5 |
| Provincial Transportation Expenditure | |
| Total expenditure by the Ministry of Highways and Infrastructure | 448.3 |
| Less: | |
| Expenditure attributed to constructing, operating, preserving or maintaining airports | (2.7) |
| Ministry expenditure on executive management | (1.0) |
| Amounts received from the Government of Canada for constructing, operating, preserving or maintaining transportation systems and infrastructure for motor vehicles | (10.2) |
| Total Provincial Transportation Expenditure¹ | 434.4 |
| Excess Expenditure over Revenue | (93.9) |
| Cumulative Expenditure over Revenue (Since 2007-08) | (93.9) |

¹ Total provincial transportation expenditure is defined by *The Fuel Tax Accountability Act* as total moneys expended, for the fiscal year, by the ministry responsible for *The Highways and Transportation Act* less moneys specifically expended on airports, executive management and amounts received from the Government of Canada for constructing, operating, preserving or maintaining transportation systems and infrastructure for motor vehicles.

The Road-use Fuel Tax Accountability report is required by Section 18.1(1) of *The Financial Administration Act* for the year ended March 31, 2008.

General Revenue Fund - Public Issue Debentures

As at March 31, 2008

(dollars)

| (dollars) | | Interest | | | | | | Equity of | Sinking Fund |
|--|------------------|-----------|-------------------|----------|-----------------------------------|---|-------------------------|-------------------------|----------------------|
| Date of Issue | Date of Maturity | Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Applicable Sinking Fund | Contribution 2007-08 |
| Nov. 28/97 <i>(Canadian medium term note; Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | May 28/08 | 5.50 | Semiannual | Can. | GRF | <u>20,000,000</u> | 20,000,000 | 2,857,733 | 200,000 |
| Feb. 26/98 <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | June 2/08 | 5.50 | Semiannual | Can. | GRF SaskEnergy Sask Housing | <u>368,500,000</u> <u>25,000,000</u> <u>6,500,000</u> | 400,000,000 | 55,212,996 | 4,000,000 |
| July 15/03 <i>(Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2004; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan)</i> | July 15/08 | 4.20 | Annual | Can. | GRF | <u>19,434,100</u> | 19,434,100 | — | — |
| Sept. 24/03 <i>(Canadian medium term note; Extendible at the option of the holder to September 5, 2033; This note pays interest at 3.90% to September 5, 2008, and 5.75% thereafter; This book-based note is held in the Canadian Depository for Securities)</i> | Sept. 5/08 | 3.90-5.75 | Semiannual | Can. | Sask Crop | <u>50,000,000</u> | 50,000,000 | — | — |
| Feb. 13/02 <i>(Canadian medium term note; Extendible at the option of the holder to February 13, 2032; This note pays interest at 5.05% to February 13, 2009, and 6.30% thereafter; This book-based note is held in the Canadian Depository for Securities)</i> | Feb. 13/09 | 5.05-6.30 | Semiannual | Can. | Sask Housing GRF | <u>24,500,000</u> <u>5,500,000</u> | 30,000,000 | 29,604,222 | 673,750 |
| Aug. 3/04 <i>(Canadian medium term note; Extendible at the option of the holder to June 17, 2009, this note matures on June 17, 2019; This note pays interest of 4.00% to June 17, 2009 and 5.50% thereafter; This book-based note is held in the Canadian Depository for Securities)</i> | June 17/09 | 4.00-5.50 | Semiannual | Can. | GRF | <u>26,000,000</u> | 26,000,000 | 862,380 | 260,000 |
| July 15/04 <i>(Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2005; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan)</i> | July 15/09 | 4.20 | Annual | Can. | GRF | <u>4,333,000</u> | 4,333,000 | — | — |
| Sept. 24/02 <i>(Euro medium term note; Non-callable; Payable in London)</i> | Sept. 24/09 | 4.75 | Annual | Can. | GRF Sask Crop Sask Water | <u>195,500,000</u> <u>50,000,000</u> <u>4,500,000</u> | 250,000,000 | 27,842,041 | 27,400,000 |
| Nov. 12/99 <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | Nov. 12/09 | 6.50 | Semiannual | Can. | GRF | <u>250,000,000</u> | 250,000,000 | 25,728,844 | 2,500,000 |
| Jan. 18/90 <i>(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)</i> | Jan. 18/10 | 10.00 | Semiannual | Can. | GRF | <u>300,000,000</u> | 300,000,000 | 110,998,108 | 3,000,000 |
| July 15/05 <i>(Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2006; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan)</i> | July 15/10 | 4.20 | Annual | Can. | GRF | <u>9,376,200</u> | 9,376,200 | — | — |

General Revenue Fund - Public Issue Debentures (continued)

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 2007-08 |
|--|------------------|-------------------------|-------------------|----------------------|------------------------------|---|-------------------------|-----------------------------------|-----------------------------------|
| Sept. 1/00 | Sept. 1/10 | 6.15 | Semiannual | Can. | GRF SaskTel SaskEnergy | 380,000,000 90,000,000 80,000,000 | 550,000,000 | 48,383,942 | 5,500,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| July 15/06 | July 15/11 | 4.20 | Annual | Can. | GRF | 55,301,200 | 55,301,200 | — | — |
| <i>(Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2007; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan)</i> | | | | | | | | | |
| June 10/03 | Sept. 5/11 | 4.75-5.80 | Semiannual | Can. | GRF | 104,500,000 | 104,500,000 | 6,798,782 | 1,045,000 |
| <i>(Canadian medium term note; Extendible at the option of the holder to September 5, 2033; This note pays interest at 4.75% to September 5, 2011, and 5.80% thereafter; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| July 15/07 | July 15/12 | 4.20 | Annual | Can. | GRF | 183,497,100 | 183,497,100 | — | — |
| <i>(Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2008; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan)</i> | | | | | | | | | |
| Sept. 20/02 | Dec. 3/12 | 5.25 | Semiannual | Can. | GRF SaskEnergy | 300,000,000 50,000,000 | 350,000,000 | 20,155,265 | 3,500,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Feb. 2/93 | Feb. 1/13 | 7.613 | Semiannual | Can. | GRF | 568,212,000 | 568,212,000 | 130,759,190 | 5,682,120 |
| <i>(The original 8% 400,000,000 U.S. dollar debentures have been swapped into Canadian dollars at an interest rate of 7.613%; Non-callable; Payable in New York)</i> | | | | | | | | | |
| June 17/03 | June 17/13 | 4.75 | Annual | Can. | GRF MFC | 195,000,000 5,000,000 | 200,000,000 | 9,188,468 | 2,000,000 |
| <i>(Euro medium term note; Non-callable; Payable in London)</i> | | | | | | | | | |
| July 20/93 | July 15/13 | 7.375 7.809 7.753 | Semiannual | U.S. Can. Can. | GRF Sask Power GRF | 50,000,000 * 97,147,500 228,639,500 | 375,787,000 | 44,168,684 * 35,183,503 | — 3,907,900 |
| <i>(175,000,000 U.S. dollars of the GRF's 225,000,000 U.S. dollar share of the 7.375% debenture issue has been swapped into Canadian dollars at an interest rate of 7.753%. Interest payments on the remaining 50,000,000 U.S. dollars have been swapped into Canadian dollars at an interest rate of 7.912%; Sask Power's 75,000,000 U.S. dollar share of the 7.375% debenture issue has been swapped into Canadian dollars at an interest rate of 7.809%; Non-callable; Payable in New York)</i> | | | | | | | | | |
| Sept. 30/03 | Dec. 3/13 | 4.90 | Semiannual | Can. | GRF | 200,000,000 | 200,000,000 | 8,889,857 | 2,000,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| March 14/91 | April 10/14 | 10.25 | Semiannual | Can. | GRF | 583,916,000 | 583,916,000 | 182,699,759 | 5,839,160 |
| <i>(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)</i> | | | | | | | | | |
| June 22/04 | June 3/14 | 5.25 | Semiannual | Can. | GRF SaskEnergy | 250,000,000 50,000,000 | 300,000,000 | 9,950,545 | 3,000,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Dec. 1/65 | Dec. 1/15 | 5.125 | Semiannual | Can. | GRF U. of S. | 775,564 216,995 | 992,559 | — | — |
| <i>(Payable in blended semi-annual payments of principal and interest totalling \$76,399.60; Payable in whole or in part any time prior to December 1, 2015, without penalty; Payable in Ottawa)</i> | | | | | | | | | |

General Revenue Fund - Public Issue Debentures (continued)

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 2007-08 |
|---|------------------|----------------------------------|-------------------|------------------------------|-------------------------------------|--|-------------------------|-----------------------------------|-----------------------------------|
| June 3/05 | Dec. 3/15 | 4.25 | Semiannual | Can. | GRF SaskEnergy MFC | 145,000,000 50,000,000 5,000,000 | 200,000,000 | 6,425,261 | 2,000,000 |
| <i>(Non-callable: This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Nov. 15/05 | Jan. 15/16 | 4.305 | Semiannual | Can. | GRF | 274,654,700 | 274,654,700 | 5,702,123 | 2,746,575 |
| <i>(The original 2.125% 300,000,000 Swiss Franc debentures have been swapped into Canadian dollars at an interest rate of 4.305%; Non-callable; Payable in Zurich)</i> | | | | | | | | | |
| Aug. 23/06 | Aug. 23/16 | 4.50 | Semiannual | Can. | GRF | 300,000,000 | 300,000,000 | 3,111,676 | 3,000,000 |
| <i>(Non-callable: This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Sept. 17/96 | Sept. 17/16 | 7.93 | Semiannual | Can. | Sask Water GRF | 1,009,000 11,394,000 | 12,403,000 | — | — |
| <i>(Canadian medium term serial note; Payable in annual instalments; Non-callable; Payable in Regina)</i> | | | | | | | | | |
| Sept. 5/07 | Sept. 5/17 | 4.65 | Semiannual | Can. | GRF SaskEnergy | 160,000,000 40,000,000 | 200,000,000 | — | — |
| <i>(Non-callable: This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| June 17/04 | June 17/19 | 5.50 | Semiannual | Can. | GRF | 33,000,000 | 33,000,000 | 1,094,560 | 330,000 |
| <i>(Canadian medium term note; After June 17, 2014, this note pays interest at the three month bankers' acceptance rate less 0.245%; Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Dec. 20/90 | Dec. 15/20 | 9.375 9.653 10.08 9.965 | Semiannual | U.S. Can. Can. Can. | GRF GRF SaskTel Sask Power | 45,000,000 * 65,972,500 126,600,000 128,797,500 | 366,370,000 | 28,859,933 * 54,995,383 | — 3,753,500 |
| <i>(55,000,000 U.S. dollars of the GRF's 100,000,000 U.S. dollars share of the 9.375% debenture issue has been swapped into Canadian dollars at an interest rate of 9.653%. Interest payments on the remaining 45,000,000 U.S. dollars have been swapped into Canadian dollars at an interest rate of 9.653%. SaskTel's 100,000,000 U.S. dollars share of the 9.375% debenture issue has been swapped into Canadian dollars at an interest rate of 10.08%. Sask Power's 100,000,000 U.S. dollars share of the 9.375% debenture issue has been swapped into Canadian dollars at an interest rate of 9.965%; Non-callable; Payable in New York)</i> | | | | | | | | | |
| Feb. 26/91 | Feb. 15/21 | 9.254 9.125 | Semiannual | Can. U.S. | GRF GRF | 147,600,000 80,000,000 * | 227,600,000 | 7,814,485 56,902,117 * | 2,460,000 — |
| <i>(120,000,000 U.S. dollars of this debenture issue has been swapped into Canadian dollars at an interest rate of 9.254%. Interest payments on the remaining 80,000,000 U.S. dollars have been swapped into Canadian dollars at an interest rate of 9.254%; Non-callable; Payable in New York)</i> | | | | | | | | | |
| Feb. 4/92 | Feb. 4/22 | 9.60 | Semiannual | Can. | Sask Power GRF | 240,000,000 15,000,000 | 255,000,000 | 70,742,552 | 2,550,000 |
| <i>(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)</i> | | | | | | | | | |
| July 21/92 | July 15/22 | 8.50 8.942 | Semiannual | U.S. Can. | GRF Sask Power | 100,000,000 * 256,320,000 | 356,320,000 | 66,448,282 * 16,746,753 | 1,071,700 ** 2,563,200 |
| <i>(Interest payments on the GRF's 100,000,000 U.S. dollar share of the 8.50% debenture issue have been swapped into Canadian dollars at an interest rate of 8.497%; Sask Power's 200,000,000 U.S. dollar share of the 8.50% debenture issue has been swapped into Canadian dollars at an interest rate of 8.942%; Non-callable; Payable in New York)</i> | | | | | | | | | |

General Revenue Fund - Public Issue Debentures (continued)

| Date of Issue | Date of Maturity | Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Applicable Sinking Fund | Contribution 2007-08 |
|--|------------------|--------|-------------------|----------|---------------------------------|--|-------------------------|-------------------------|----------------------|
| May 30/95 | May 30/25 | 8.75 | Semiannual | Can. | Sask Power SaskEnergy | 100,000,000 75,000,000 | 175,000,000 | 32,936,690 | 1,750,000 |
| <i>(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)</i> | | | | | | | | | |
| Dec. 4/98 | March 5/29 | 5.75 | Semiannual | Can. | GRF SaskTel SaskEnergy | 250,000,000 75,000,000 25,000,000 | 350,000,000 | 36,891,636 | 3,500,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| March 24/99 | March 5/29 | 5.60 | Semiannual | Can. | SaskTel SaskEnergy | 35,000,000 25,000,000 | 60,000,000 | 1,234,320 | 600,000 |
| <i>(Canadian medium term note; Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Feb. 17/00 | Jan. 25/30 | 6.25 | Semiannual | Can. | GRF | 25,000,000 | 25,000,000 | 2,541,483 | 250,000 |
| <i>(Canadian medium term note; Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Jan. 25/00 | Jan. 25/30 | 6.35 | Semiannual | Can. | GRF | 199,995,000 | 199,995,000 | 19,538,596 | 2,000,000 |
| <i>(Canadian medium term note; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Dec. 10/01 | Sept. 5/31 | 6.40 | Semiannual | Can. | GRF Sask Power SaskEnergy | 190,000,000 300,000,000 60,000,000 | 550,000,000 | 38,624,980 | 5,500,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| May 12/03 | Sept. 5/33 | 5.80 | Semiannual | Can. | GRF Sask Power | 150,000,000 300,000,000 | 450,000,000 | 20,375,617 | 4,500,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Aug. 12/04 | Sept. 5/35 | 5.60 | Semiannual | Can. | GRF Sask Power | 200,000,000 200,000,000 | 400,000,000 | 13,076,595 | 4,000,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Feb. 15/05 | March 5/37 | 5.00 | Semiannual | Can. | SaskEnergy Sask Power | 25,000,000 400,000,000 | 425,000,000 | 12,340,368 | 4,250,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| May 26/06 | June 1/40 | 4.75 | Semiannual | Can. | GRF Sask Power | 500,000,000 100,000,000 | 600,000,000 | 2,077,418 | 2,000,000 |
| <i>(Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Sept. 16/02 | Sept. 5/42 | 5.70 | Semiannual | Can. | GRF | 50,000,000 | 50,000,000 | 2,930,233 | 500,000 |
| <i>(Canadian medium term note; Non-callable; This book-based note is held in the Canadian Depository for Securities)</i> | | | | | | | | | |
| Adjustment | | | | | | | 7,672,500 * | 5,478,975 * | — |
| Total | | | | | | | 10,349,364,359 | 1,256,174,355 | 119,832,905 |

* Adjustment to reflect conversion of debentures and related sinking funds quoted in foreign currencies to Canadian dollars using the exchange rate in effect at March 31, 2008 (U.S. \$1.0279)

** Sinking fund contributions to U.S. dollar sinking funds are made in U.S. dollars. Contributions for general government purposes are shown at the cost in Canadian dollars to purchase U.S. dollars equal to the contribution amount.

General Revenue Fund - Debentures Issued to the Minister of Finance of Canada

As at March 31, 2008

(dollars)

| Date of Issue | Date of Maturity | Interest Rate % | Amount Outstanding |
|---|----------------------------|-----------------|--------------------|
| Canada Pension Plan Investment Fund* | | | |
| April 1988 - March 1989 | April 2008 - March 2009 | 10.08 | 93,932,000 |
| April 1989 - March 1990 | April 2009 - March 2010 ** | 9.90 | 101,867,000 |
| April 1990 - March 1991 | April 2010 - March 2011 ** | 10.85 | 90,318,000 |
| April 1991 - March 1992 | April 2011 - March 2012 ** | 9.92 | 90,664,000 |
| April 1992 - March 1993 | April 2012 - March 2013 ** | 9.37 | 62,705,000 |
| April 1999 - March 2000 | April 2019 - March 2020 ** | 6.34 | 46,335,000 |
| April 2000 - March 2001 | April 2020 - March 2021 ** | 6.54 | 75,553,000 |
| April 2002 - March 2003 | April 2022 - March 2023 ** | 5.89 | 41,182,000 |
| April 2003 - March 2004 | April 2023 - March 2024 ** | 5.48 | 40,189,000 |
| April 2005 - March 2006 | April 2015 - March 2036 ** | 4.63 | 20,654,000 |
| April 2006 - March 2007 | April 2011 - March 2027 ** | 4.58 | 99,655,000 |
| April 2007 - March 2008 | April 2017 - March 2028 ** | 4.65 | 35,491,000 |
| Total | | | 798,545,000 |

The average effective interest rate on debentures issued to the Minister of Finance of Canada is 8.00%.

* Canada Pension Plan debentures have a 5-30 year maturity and are callable in whole or in part before maturity, on six business days prior notice at the option of the Minister of Finance of Saskatchewan.

** Subject in part to annual sinking funds; equity in sinking funds at March 31, 2008, \$103,084,330.

Glossary of Terms

Accrual Accounting

The method used to prepare the financial statements included in Volume 1 of the Public Accounts. Accrual accounting recognizes financial transactions at the time they occur, regardless of whether any cash is received or paid.

Accumulated Deficit

One of the two measures of a government's financial position (see net debt). The accumulated deficit is the amount by which expenses have exceeded revenues from the beginning of incorporation (1905) plus any adjustments that were charged directly to the accumulated deficit. It is calculated as the difference between assets and liabilities.

Budget

The amount presented in the Estimates and authorized by the Legislative Assembly.

Consolidation

The method used to account for government service organizations in the Summary financial statements in which the accounts are adjusted to the basis of accounting described in note 1e of the Summary financial statements and then combined. Inter-organization balances and transactions are eliminated.

Debt

Terms used when describing debt include:

Government debt is debt incurred by the General Revenue Fund (GRF) to fund Government spending.

Crown corporation debt is debt incurred by the GRF for Crown corporation purposes.

Gross debt is borrowings through the issuance of debt instruments such as promissory notes and debentures.

Sinking funds are funds set aside for the repayment of debt.

Public debt is gross debt net of sinking funds.

Guaranteed debt is the debt of others that the Government has agreed to repay if others default.

Total debt is public debt plus guaranteed debt.

Debt Reduction Account

The account, established pursuant to *The Balanced Budget Act*, to account for the accumulated surpluses of the GRF commencing April 1, 1995.

Fiscal Stabilization Fund (FSF)

The fund established to stabilize the fiscal position of the Government and to facilitate long-term planning. Stabilization occurs through transfers between the FSF and the GRF.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by Legislation, and from which all expenditures are appropriated by the Legislative Assembly.

Government Business Enterprises

Self-sufficient government organizations that have the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as their principal activity. Government business enterprises are recorded in the Summary financial statements using the modified equity method.

Government Business Partnerships

Government partnerships that are self-sufficient and have the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as their principal activity. Government business partnerships are accounted for in the Summary financial statements using the modified equity method.

Government Partnerships

Investments by the Government where there is a contractual arrangement between the Government and one or more partners outside the government reporting entity and where the partners share, on an equitable basis, the risks and benefits of the partnership. Government partnerships, except those designated as government business partnerships, are proportionately consolidated in the Summary financial statements.

Government Service Organizations

Those organizations that are controlled by the Government, except those designated as government business enterprises. Government service organizations are consolidated in the Summary financial statements after adjustment to a basis consistent with the accounting policies described in note 1e of the Summary financial statements.

Growth and Financial Security Fund

The fund established in May of 2008 to assist in the achievement of the Government's long-term objectives by providing for financial security of the Government from year to year and to provide a source of funds that are to be available for appropriation to be used for government programs identified as promoting or enhancing the economic development of Saskatchewan.

Modified Equity

The method by which government business enterprises and government business partnerships are accounted for in the Summary financial statements. The Government's investment, which is originally recorded at cost, is adjusted annually to include the net earnings/losses and other net equity changes of the enterprise/partnership without adjustment to conform with the accounting policies described in note 1e of the Summary financial statements. Inter-organizational balances and transactions are disclosed but not eliminated.

Net Debt

One of the two measures of a government's financial position (see accumulated deficit). Net debt is calculated as the difference between financial assets and liabilities.

Pension Liability

An actuarial estimate of discounted future payments to be made to retirees under government pension plans, net of plan assets.

Saskatchewan Infrastructure Fund (SIF)

The fund established to provide moneys that may be used to support the provision and maintenance of infrastructure in Saskatchewan that achieves the Government's long-term objectives of: building and improving Saskatchewan communities; building and improving the capacity of social and economic development in Saskatchewan; and meeting the growing needs of Saskatchewan families.

Summary Financial Statements (SFS)

The statements prepared to account for the full nature and extent of the financial activities of the Government. The SFS includes the financial activities of organizations controlled by the Government. These organizations are segregated into two classifications, government service organizations and government business enterprises, and are collectively referred to as the government reporting entity. Trusts administered by the Government are excluded from the government reporting entity.

Transfer

A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not: receive any goods or services directly in return, as would occur in a purchase/sale transaction; expect to be repaid in the future, as would be expected in a loan; or expect a financial return, as would be expected in an investment.

